

COE International Seminar

on

Organization Reforms and University Governance: Autonomy and Accountability

Research Institute for Higher Education

Hiroshima University

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Organization Reforms and University Governance:
Autonomy and Accountability
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COE Publication Series

Volume 11, December 2004

COE International Seminar

on

Organizational Reforms and University Governance:

Autonomy and Accountability

Orientation

Organizational Reforms and University Governance: Autonomy and Accountability

Takashi Hata*

There have been large-scale changes at both system and institutional level in higher education in several nations since the late 1980s. Governments have cut funds for higher education institutions, while at the same time promoting accountability to taxpayers by adopting contract-based or performance-based funding systems. Universities have become involved with entrepreneurial activities, such as selling their commissioned research or educational programs, and recruiting more students (or more international students), in order to obtain additional income. It has been argued that universities may gain more autonomy through entrepreneurial activities, as governmental funding schemes shift from a line-item grant system to a block grant system. Organizational reforms of universities are also being implemented in accordance with these changes in university governance.

While such current trends are prodding universities to enhance their responsiveness to various demands, they have also brought up many issues, such as a disregard of teaching and research activities, or conflicts of interests within universities that are required to demonstrate on accountability to stakeholders because of increasing reliance on external funds. The important question now is how universities should govern their own institutions, or how they should direct themselves, as well as manage their internal activities.

We are currently expanding our research on changes to governance and management in academic organizations under our COE program at RIHE. As part of it, we are holding a COE International Seminar on Organizational Reforms and University Governance with guests from Asian and Pacific nations; Prof. Ka-Ho Mok (Hong Kong), Dr. Pham Thanh Nghi (Vietnam), Dr. Terri Kim (UK), Prof. Anthony Welch (Australia), and Prof. Jun Oba (Japan).

The changes in university governance are paralleling, to some extent, with changes in the role of governments, or the transformation of nation-states. We have invited Prof. Andy Green, a prominent expert on educational policies in the U.K., as the keynote speaker, and Dr. Naoko Ota, a researcher on British educational administration, as a commentator. We hope that there will be a lively discussion on a wide range of educational issues including higher education.

Last but not at least, as Professor Andy Green and most other speakers were invited by National Institute for Educational Policy Research to attend the conference related to their research project of

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Global Market of Higher Education and Qualitative Assurance (headed by Tsukahara Syuichi) in Tokyo, without their assistance, it is impossible for us to organize the forum in Hiroshima. I would like to express my sincere gratitude to all our speakers, who came to Hiroshima in their hard schedules, and to National Institute for Educational Policy Research that helped much in our forum.

Key Presentation

Globalisation and Higher Education in Europe

Andy Green

University of London

Globalisation and Higher Education in Europe

Andy Green*

It is a great pleasure to be invited to Hiroshima University and to be up here in these mountains with their ethereal beauty. It's also a very daunting experience for me to be addressing such a distinguished group of higher education specialists. I am not actually a specialist researcher in higher education. I am going to talk to you as somebody who knows something about globalisation and educational systems, but mainly from my professional experience in higher education in the UK over the last 15-20 years, and also from my knowledge of some of the changes occurring in the rest of Europe.

I want to talk broadly about some of the general impacts from globalisation on higher education, but more specifically, I want to talk about some of the experiences that I have had about what I think quality in higher education may be. These may not always accord with the current policy nostrums in the debates about higher education.

HE as the Frontline in Educational Globalisation

Higher education is quite clearly in the frontline of educational reactions to globalisation.

I have written before about the effects of globalisation on school systems, and I have been perhaps somewhat more cautious than some about claims that it is actually transforming national systems. School systems, of course, are quite different from higher education systems. Children don't generally cross frontiers to go to school, and generally parents and governments like children to be minded, socialized and educated in a classroom environment, which makes it quite hard to fully internationalise school education. There is some evidence of movement in that direction but not much. School education — other than that for the affluent elites — is not generally a very commercial proposition, and those businesses that have tried to develop profitable “edubusiness” have often found it quite difficult. Higher education, on the other hand, is quite clearly very amenable to international commercial ventures. It has already become a substantial arena of international commercial business, and probably will become more so. So one may well talk about very direct impacts from globalisation on higher education. I know several of my colleagues will be speaking today about specific areas of impact. I want to talk more generally though, to set the scene somewhat.

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Main Effects of Globalisation on HE

What we are seeing now in higher education is a dual process of, on the one hand, massification of enrolments and, on the other, increasing pressures for cost-sharing, for spreading of costs of higher education to make it more affordable to the state. In most countries across the developed world a whole range of measures to increase the efficiency and effectiveness of higher education have been introduced to make it more affordable. In some countries we are seeing a degree of commercialisation and even privatisation of higher education; and of course in some countries there has been a tradition of that already. Across the European Union, there is also big debate about developing a single higher education area with greater transferability and transparency. This is the objective of the European Union's so-called Bologna Process.

I think it is fairly clear that the major impact from globalisation on higher education is through the effects of intensified economic competition. Globalisation is increasing worldwide economic competition through the way new technology allows a disaggregation of production and services across geographical space. One of the effects of this is that every developed country now is seeking to maintain or raise its standard of living through moving its production and service industries into the high value-added, high skills areas, where there is the most profit. Clearly a major effect of this on education generally, and particularly on higher education, is to very substantially raise the demand for skills, and for higher level skills in particular. It is particularly the skills of the professionals, of the scientists, of the technical experts, particularly those with international knowledge, which are highly sought after by the major corporations and which, in the view of many economists, are absolutely vital in bringing back profits and therefore increasing GDP in the national economies. Robert Reich, the American labour economist and former advisor to Bill Clinton, has written well about this process in his two excellent books: *The Work of Nations* and *Success*.

The Global Capital Pincer Movement

However, at the same time, globalisation is putting government welfare systems and public services under intense pressure. Internationally mobile financial capital and international competition are creating downward pressure on budgets, on government spending, on taxation and social costs. In every country, governments are forced to contain the costs of public services, including higher education, or face capital flight and loss of investment, firms and jobs abroad. Some governments, it is true, may be inclined to exaggerate this threat to achieve restructuring goals they have anyway, but there is nevertheless substance to it. There are now very few countries—outside of Scandinavia—which will risk loss of economic competitiveness through high taxes to maintain their welfare systems at high levels. Even the Nordic countries are beginning to feel the pinch and to discuss charging fees for post-graduate study.

Governments are in something of a ‘double bind’ over education. They face two major, competing pressures. One pressure is the increasing demand from both individuals and employees for more learning, more education; and the other is a decreasing ability of the state to pay for that increase in learning. And of course, most of the debates in higher education today are essentially about how do you square that circle: how you reduce or contain the costs of an expanding higher education system. This is particularly problematic in a sector like higher education, which is extremely labour intensive and where costs are traditionally quite high.

One of the popular policy solutions to this is to advocate life-long learning. Life-long learning is in many ways an ingenious solution to this problem. It offers opportunities for learning at all stages throughout the life course—from the ‘cradle to the grave.’ It also promises that learning should be “life-wide” — taking place also across all social spaces from the school, the higher educational institution, to the workplace, the community, the family and the home. In so doing, it both responds to individual demands for more diversified forms of delivery of education and learning, and at the same time, serves to spread the cost between the state and the individual and the enterprise

Sharing the Costs of Mass HE

All countries are trying to raise their participation rates in higher education. The levels are already very high in many East Asian countries—where often over sixty percent of a cohort go through higher education of some kind. In the UK the level is slightly lower. We are aiming for fifty percent and that is a considerable expansion for us. Much of this expansion is meant to be coming from higher participation in short, two-year vocational courses offered in vocational colleges—the so-called foundation degrees—but in practise these are not so popular and most of the additional recruits are going on to traditional three year degrees in the universities. Much of the debate in the UK is again about how you fund that expansion. Recent legislation now allows universities to increase their fee charges to students to £3000 per year. Although some students will benefit from lower discretionary fees, most will be financing their higher education through loans.

The Argument for Student Contributions

This is a very very controversial issue in the UK. So much so that it was said by some of the political commentators that this was an issue that might bring down the Government. This proved not to be the case but there was certainly considerable opposition both inside and outside Parliament before legislation bill was passed.

My own view is that our government and the OECD and the other major governments, who as a group have been promoting this, have generally won the argument for higher student contributions to the costs of higher education. I think the equity case has been made and the equity case has been won. Higher education graduates generally receive a substantial return from higher education in increased

wages over their lifetime. It seems fair that they should contribute towards the costs of that education which led to those advantages. It is equally true that in most countries, higher education is still more beneficial to certain social groups than others. In most western European countries the relative chances getting into higher education for different social groups have barely changed in the last thirty years. Everybody has a better chance, but relatively speaking, the children of the middle classes have a much better chance than any one else. And that gap has not really been reduced. So the case is very strong in my view, that those who are benefiting should be contributing. The question, however, is how they should pay. The current proposal that we have is for an extension of our loan system with variable fees.

Loans or Graduate Taxes?

There are a number of problems with this loan system. One is that the fees are unlikely to vary very much. Not many universities want to be seen to be charging lower fees because that is an admission that they are second-rate universities. There will not probably be very much variation in fees, certainly to begin with. And in that sense it is not a very equitable system because some students clearly gain a great deal more from higher education than others. Those students who go to the very prestigious universities and do courses—such as Law and Accountancy—which lead to very well-paid careers get a far larger return on their investment than others who go to less prestigious universities or who study courses which lead to professions—such as teaching—which are less well remunerated. In my view it is highly inequitable that these groups who reap different returns from higher education should be contributing equally. There is also a danger that higher fees will put off some more risk-averse students from poorer backgrounds who do not have a history and tradition of higher education and who do not like getting substantially into debt or who fear it.

My own preference is for a system of graduate taxes imposed on future and current graduates in the labour market who have had free full-time tuition at British universities. Such a system would raise very substantial revenue with rather a small increase in tax rates for those who have graduated at the expense of the state in previous years. I would argue that it is also a much more equitable system than what is currently suggested because it is based on re-distributive taxation. So those who earn the most contribute the most, thus reflecting what they have gained from their studies. It's unlikely anybody will take such a system up in the UK, not least because governments are terrified of the electoral consequences of any talk of raising taxes even at the small level that this would represent.

Efficiency and the New Managerialism

Clearly spreading the cost is one way to respond to the global pressures on public spending and budgets. The other way to respond is to increase the efficiency and effectiveness of higher education delivery. Most of the government measures in terms of university governance and so on which are

most hotly discussed today are in effect about finding ways to reduce the costs and generate greater efficiency. You will be very familiar with many of the quality assessment systems relating to teaching and research: performance-based funding allocation for research; performance-based remuneration for lecturers; and in some cases reduction in unit funding—that is to say, reduction of the costs of teaching per student. All of these measures have been adopted in the UK. I suppose the UK, along with the US, Australia and New Zealand, are the countries that have pushed these new managerialist methods to the furthest extent, so they are in the forefront of the policy debate about governance in many ways.

Effects on Teaching

What effects do these measures have on teaching and research? My own view is that they have had very mixed effects. I want to say a little bit in the remainder of time I have about the effects firstly on teaching and secondly on research. I don't take these to be totally separate activities but I will treat them separately for the purposes of this presentation.

Quality assessment systems and other linked reforms have created incentives for better teaching in many cases. Particularly, they have provided safeguards for trying to maintain quality where traditional modes of higher education have been put under pressure by quite considerable reduction in unit funding and by extension of student numbers and a general stretching of resources. They are a way of trying to maintain the standards, and sometimes improve standards of teaching, in difficult circumstances. There is no doubt that some pretty poor teaching has gone on in higher education institutions. And to some extent, these assessment systems have checked that and have provided incentives to improve it.

However I think some of the improvements are relatively superficial: a lot of the effort has gone onto improving systems, into improving record keeping systems, into improving documentation, into brochures and course hand-outs, and nice power-point presentations, all aspects of teaching which are important but in my view relatively superficial. It has to be said at the same time, these quality assurance systems have created an enormous bureaucratic burden. And I do not think this is just whingeing by people in the university sector—this is very real: people are time-starved, they are over-stretched, too driven. There is not enough time to work collaboratively in universities now in the UK in many ways, because of the sheer weight of bureaucracy, a lot of which arises out of quality assurance systems for teaching. It is also the case that the unit funding per student has gone down very considerably in higher education and that has meant that everybody is more stressed. Now if you have increased bureaucracy and, at the same time, reduce support for your lecturers, they are going to become very, very pushed. They have to do more and more of the administrative and secretarial duties themselves. They have more teaching to do. They have less support behind them when they are doing it. In many universities there is a very hyperactive culture that results from this.

I am also doubtful, I have to say, whether these measures get to the heart really of good teaching and what higher education is really about. Here I am talking as a consumer as well as a producer. I have had two experiences myself as a consumer of higher education. One was at Oxford University where I did my first degree in the 1970s; the other was at the Birmingham University Center of Contemporary Cultural Studies, where I did my MA and my PhD in the 1980s. Different times, but they illustrate something to me about what can be lost and what we should not mind losing.

My experience of undergraduate learning at Oxford University in those days was pretty terrible. The teaching was extremely poor. We were taught traditionally in tutorial groups according to a system which still operates and which involved 2 or 3 undergraduates seeing their tutor for weekly tutorials. The tutorial was an hour-long session and it consisted of one essay read by one student followed immediately by an essay read by the other student. The university tutor, the College Fellow, who is the tutor or the so-called don, would listen to this, each of the series of essays, sometimes nodding off, generally not, but without comments. Very often at the end of fifty minutes, the only teaching that occurred, would consist of the university don, and this was a Literature course, going to the shelves and taking down a volume of, say, W. H. Auden, reading a couple of verses and saying “Goodbye I’ll see you next week.” That was the teaching. If you had good tutors you were fine; and if you had poor tutors, you learnt very little. And you had no choice about who would tutor you.

The culture back at that time at Oxford—it has changed now of course to some extent—was very much in a kind of gentlemanly, amateurish tradition. The literary theorist, writer and critic, Terry Eagleton, who was teaching there when I was a student, described it as a superior kind of wine-tasting. Many of the dons were not very well qualified in actual fact, they certainly were not well qualified in teaching. I had two tutors, one of whom had actually written nothing; his claim to fame was his great emotional response to Charles Dickens’ novels. He was rather well known for his party piece, which was to read to his students the death of Little Joe in Dickens’ novel *Bleak House* and burst into tears. The other tutor was a little bit more published: he had written one coffee-table book on a character who is only known from a footnote in one of Pope’s long poems from the eighteenth century: nobody else had heard of him. Neither published very much, but in fact many of them did not publish too much at that time. But you did at least have access to a very wide range of university lectures, and what you learnt you learnt was primarily through attending those lectures and from talking with other students, many of whom were very interesting and quite bright. But in general it was not a good experience and not a good model of teaching in my view.

Birmingham University Centre for Contemporary Cultural Studies in the 1980s was a totally different type of experience. The Centre, where I studied for my MA, had what I would call a passionate commitment to intellectual pursuit, both research and teaching. It was a very dynamic environment. It was based on a collective process of learning and publication with 25 or so students, postgraduate students (MA and doctoral students); and 3 or 4 lecturers and a professor, who were all extremely committed to research, intellectual production, and very politically committed — as it

happened—it was the 1980s. There was a feeling of absolute excitement about the intellectual activities taking place. As far as the teaching was concerned for the MA, there were no glossy brochures, and there were no technical handbooks or students guides, there were no evaluation procedures, no feed-back to students on a formal basis: there was no quality assurance whatever.

The teaching was absolutely superb. We had a couple of lecturers there who were masters in their fields. My memories are of listening, particularly to Stuart Hall, who was one of the originators of cultural studies. We would sit at his feet for one and a half hours listening to him; we would go away at the end of that and think about and talk about what he was saying for the next two weeks. He had a great mastery of his subject and he had an enormous intellectual passion. He spoke with the cadences and intonations of a Jamaican priest, which in fact is what his father was. And he spoke with all the intellectual command, clarity and subtlety of a Max Weber. He would simply go through the history—shaping, forming and analysing its currents and turns—making intelligible the history of European thought. His expositions were powerful, controlled and eloquent. At the same time, he would occasionally swoop down from the intellectual heights and get hold of some key debate, take it apart and dissect it, showing us the different interpretations that could be put on it. It was completely absorbing because he was a master of his subject, utterly committed to its importance, and because he was a fine communicator. Everybody was interested in the pursuit of that subject largely for its own sake.

That was a time and a place which was pretty particular. Universities are different now. Students are often more instrumental, teachers and lecturers are often more instrumental. It is hard to have the space, to find that passionate commitment to learning, or understanding that was sometimes possible then, and then only probably in a fairly unique environment like the Centre for Contemporary Cultural Studies—which was something like a modern Frankfurt School. But I don't think it is impossible. Teaching of that sort does still go on; but it is very very difficult, I think, now to maintain that kind of enthusiasm and that kind of sheer intellectual passion in an environment of continual bureaucratic monitoring and pressure. So that is one of my messages: quality assurances may be good for making sure that you don't have really poor quality teaching, but they will not guarantee inspired teaching. That depends on having inspired teachers and students who are very keen to learn and who are inspired by those teachers. You will see that sometimes but you won't guarantee that through any quality assurance mechanism.

Effects on Research

I have some similar message in terms of research. We have a system called the research assessment exercise (RAE). It is the way every university department across the country is evaluated every 4 or 5 years and the way research funding allocations to them are determined. The exercise results in ratings for each department according to their quantity and quality of output under various

headings. The publications, the degree of research money raised, the research excellence and the number of postgraduate students trained and graduated form the basic measures. These are replicated in many universities through internal systems of evaluation. In my own institution, each year we get a score which is based on the number of articles we write, the number of book chapters we write, and the number of books we write. We are also rated on every pound of income we raise for research and for every postgraduate student we teach, with additional points for doctoral students who qualify. This is our internal measurement system and it does drive the system: people worry about their score. If they do badly, the Director or the Head of School, hauls them in and has a talk with them. It is an effective incentive: it does drive people: there is no doubt about that. It certainly drives the department and the university through the research assessment exercise. The overall effect of it, I would say, has been to drive up the bottom end of research in universities.

If we go back to the 1970s and 1980s there was probably quite a substantial minority of academics in universities who were not doing very much research. What the research assessment exercise has done has been to force this bottom end up — basically it has made everybody produce. Most academics in universities were hard-working in any case and did not need this incentive and I gravely doubt whether the procedures have helped them to be more creative. It is more likely the reverse. But the process has impacted on the less productive and as a result it has raised the overall output of research by a considerable amount in terms of volume. The number of books published, the number of articles published, the number of journals coming out and so on goes up and up and up.

However, whether the quality is rising is another matter altogether. The research assessment exercise creates somewhat distorted incentives in a number of ways. It encourages the writing of short articles rather than books. If you are a historian and want to write a four hundred-page book on whatever subject that takes four or five years, you are going to have a very hard time justifying that to the authorities. They want to see the result within the year. It also encourages people to do more policy-oriented, and application-oriented research. I am not necessarily against that unless it undermines fundamental basic research. But it is in danger of doing that in my view, because the pressures are so great to get research funding, and funding is very hard to get for pure research. It is much easier to get funding for policy-related and application-related research. So there are some distorting effects from the research assessment exercise.

It has also, arguably, created such a hyperactive, such a pressurized working environment, that people are in danger of not having time to think any more. And certainly not time to talk. There is very little left in my experience of that kind of intellectual community that one associates with a university where people actually have time to discuss things and learn from each other. I find that if ever I have an interesting intellectual conversation with my colleagues—and I sometimes do—it is usually abroad. It is very unusual in the building where I work because people are running around so fast that they do not have time to talk to each other. This in my view is a great drawback from creating

an environment that is so competitive and so driven that it is becoming somewhat like a factory environment.

Dangers of HE Edubusiness

So I think there are dangers from the pressures that these kind of competitive governance systems create. They are in danger of killing the goose that lays the golden egg, destroying the heart of the business in universities, which is knowledge production and intellectual inquiry. There is a danger that we won't be able to do so much of that if we become purely commercial ventures.

There are also dangers in the high level of private sponsorship that is now required in a lot of Anglo-Saxon Universities. I think that about thirty percent of funding in the UK comes from external sponsors. That is quite a large percentage. It makes the difference between a department staying afloat and collapsing. You have to bring in money from non-government external sources—from charities or corporations or wherever. To a certain extent, this is useful because universities should not be ivory towers. They should be in communication with the rest of the world—they should work with business—they should work with policy makers. All of that is extremely important and there have been genuine gains in bringing higher education more in touch with the outside world. However, there are also dangers in going too far in that direction.

Too much emphasis on applied and policy research can squeeze out basic so-called 'blues-skies' research, which is one area where universities should focus as otherwise this vital activity will be in short supply. There is also the danger that research is being skewed by the commercial funding. Where you have corporate chairs, where you have private sponsorship in universities involving gagging deals, where you have universities that cannot say anything bad about their sponsors, where you have research projects funded by corporations or policy agencies which literally vet the results, there is a danger. And there is plenty of documentary evidence to show the dangers are real, that people, researchers will cease to pursue scientific truth in a disinterested and objective way.

Universities cannot afford to lose their reputation, so far as they still have it, for independent scientific scholarly inquiry. They cannot afford it because it is the one competitive advantage that universities have in research: they can do long-term research, they can do independent research, and they are not bound completely by their sponsors. Universities no longer have any kind of monopoly on knowledge production—if indeed they ever did. In many cases, and I think Japan is probably a very good case in point, the corporations are doing a lot of research already. Not only in scientific and technological areas, but in some cases, in other areas as well. We cannot necessarily always do that better in universities. What we can do is to think long-term in research and pursue, or try to pursue, disinterested and independent inquiry. I think if universities lose the reputation for being able to do this, then it is a very very major loss indeed.

Harmonization and the Bologna Process

I said I would say something about the Bologna Process. This is one of the major changes occurring throughout higher education in Europe at the moment. It can be thought of as a kind of harmonization process — or an attempted harmonization process — although it is perhaps better described with the more subtle notion of ‘tuning’, which is the latest European Commission neologism implying harmony but with different pitches. Its principal concern is to create a structure of higher education and learning, both in terms of institutions and qualifications, which is reasonably comparable across Europe. The model proposed accords with what is taken to be the dominant model, the Anglo-Saxon model, of a three years bachelors degree followed by a one or two years masters degree. The objective is to increase transparency in programmes and qualifications across Europe and thus to increase international student flows to European universities. It may have that effect although not necessarily through increasing transparency. Higher education degrees from most European countries have a degree of transparency already; there is quite a high level of equivalence between them, and their equivalences are recognized. The effects may come, rather, from adopting the Anglo-Saxon model in particular and from the increases in English medium instruction courses that are likely to attend this, particularly at the masters level.

But there are dangers however in the process and I am very well aware that in many countries these measures are not thought very helpful, and, as in Greece may be quite strongly resisted by academics and students. It is enormously disruptive of the university system to go through this process of completely changing the ladders and structures of degrees. Whether it will be worthwhile will vary from country to country depending on their position in the global market for higher education. Some countries, which by virtue of language and historical ties have substantial potential foreign markets for their higher education provision, may reap benefits from the process. Others, which have little comparative advantage in international trade in higher education teaching services, may have little to gain in term of student recruitment. They will, however, no doubt benefit anyway in terms of research from the greater connectedness that the Bologna Process will bring.

Conclusions

In conclusion I have a two-fold message about these kind of higher education managerialist reforms. They undoubtedly have a powerful effect. They do intensify, they do ratchet up the competition. They are getting people to work longer hours and so on and so forth. It may be that some of these changes are necessary — a lot of people tell me that the higher education system in Japan does need reform and there need to be some new measures brought in to create more dynamism and to stimulate more research and better contact with industries and so on. I am not well qualified to say, but the measures you will be discussing over next two days certainly have real effects, and there is no doubt about that. They are very powerful, very powerful levers, they do change people’s behavior. To

some degree, I would say, they have had beneficial effects in the UK. But I do believe that taken beyond a certain point—and I think that we have gone beyond that point in the UK—they become counterproductive, they destroy the actual things they are trying to protect, by simply creating too much bureaucracy and by creating dysfunctional competition. So my own view would be that these measures need to be adopted quite selectively and with due caution so as not to destroy the most valuable things that you already have. In terms of an academic community—which I think is very strong in Japanese universities—in terms of collective academic endeavor and in terms of a good quality of life in universities where people can be creative, where they have space to create.

Presentation 1

Incorporation of National Universities in Japan

—Reform towards the enhancement of autonomy in search of excellence—

Jun Oba

Hiroshima University

Incorporation of National Universities in Japan

– Reform towards the enhancement of autonomy in search of excellence –

Jun Oba*

Abstract

The aim of this article is to describe and examine the incorporation of national universities in Japan. It is also to describe briefly Japanese higher education history from Meiji era and the evolution of the autonomy of national universities so that readers may understand the background of the reform of national universities.

Brief history of Japanese Higher Education¹

Development of higher education institutions

Pre-war era Although Japanese higher education goes way back in history, the modern higher education system began in the late 19th century when the University of Tokyo was founded in 1887 by the Meiji² government through the merger of two existing higher education institutions. Nine years later, the University of Tokyo became the Imperial University and was given the status of central institution in Japan's modern educational system. The Imperial University was then renamed Tokyo Imperial University in 1897 when the second imperial university was founded in Kyoto. Other imperial universities were subsequently established in several major cities in Japan, resulting in a total of 7 imperial universities (Tokyo, Kyoto, Tohoku, Kyushu, Hokkaido, Osaka and Nagoya), apart from those located in overseas territories. All these universities were organised based on the continental European model (especially Germanic), which was a bureaucratic system with quasi autonomous academic units (faculties).

Apart from the imperial universities, many governmental, local public and private higher education institutions were founded in the same period. In 1903, the Government enacted the Specialised School Order and revised the Vocational School Order to condition the establishment and activities of institutions previously classed as miscellaneous schools. In the same year, 47 of these institutions were recognised as specialised schools (39) or vocational specialised schools (8). In addition, those specialised schools having a preparatory course of at least one and a half years were authorised to use the term “university” in their names. Specialised schools increased remarkably since then. They were later given, with single-faculty institutions in special cases, the opportunity to seek the status of university by the promulgation of the University Order in 1918 (enforced the following year). A

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certain number of governmental, local public and private institutions were subsequently given university status.

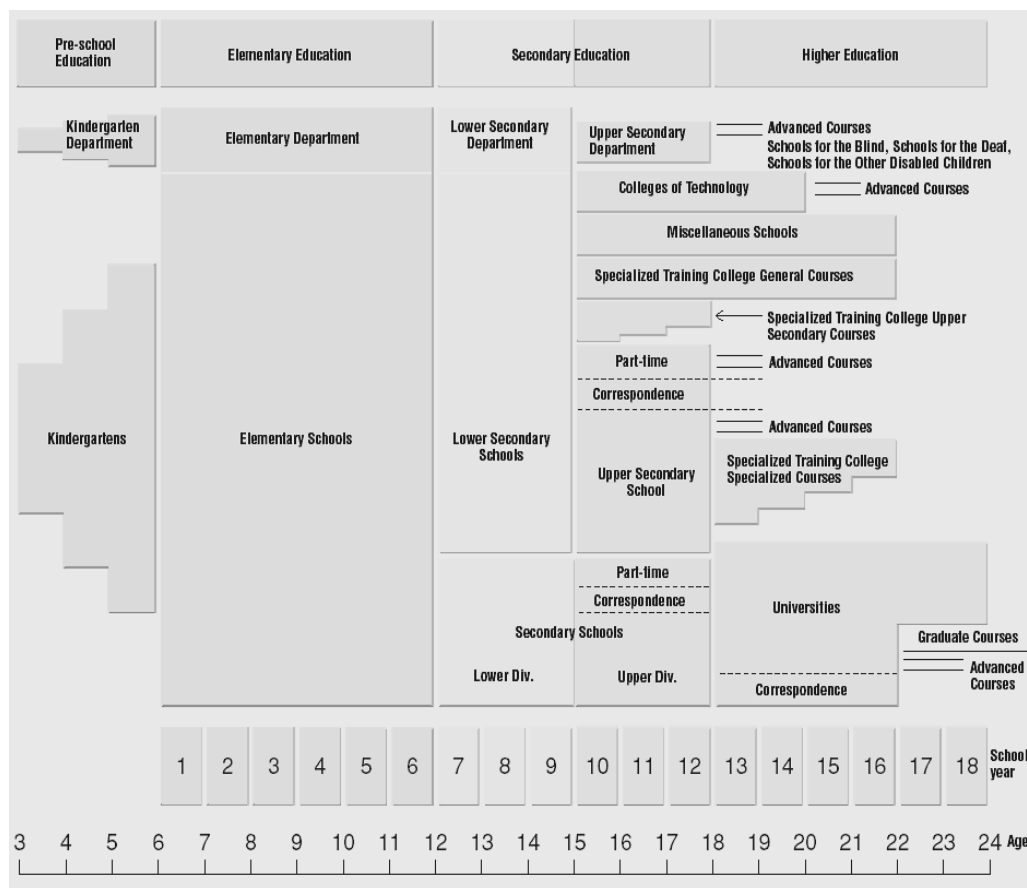
The pre-war Japanese higher education system was thus characterised (but not exhaustively) by the well-organised bureaucratic administration system in governmental institutions and also by the coexistence of the three sectors of higher education institutions—governmental (national), public (local) and private, with massive investment in the national sector by the Government. Although they were not many in number (7 imperial universities, 12 (ordinary) universities and 58 specialised schools) (Table 1), governmental institutions, especially imperial universities, enjoyed the prerogative of acquiring abundant staff, facilities and prioritisation in other parts of budget distribution in comparison with institutions of other sectors.

Table 1 Number of higher education institutions by type and sector as of 1943

	<i>Universities</i> [imperial universities]	<i>Specialised Schools</i>	<i>Total</i>
Governmental (national)	19 [7]	58	77
Public (local)	2	24	26
Private	28	134	162
Total	49 [7]	216	275

Post-war era After World War II, the Japanese education system was entirely revised under the occupation. The school system, from kindergartens to universities, was structurally rationalised and unified into a new educational system. The varying types of higher educational institutions were consolidated into a single four-year university system thus putting the finishing touches to the core of the new 6-3-3-4 education system (Figure 1 shows the actual organisation thereof).

Figure 1 Organisation of the School System in Japan



Source : http://www.mext.go.jp/english/org/f_formal.htm

Under the new system, any graduate of an upper secondary school was entitled to apply for entrance to a university. In effect, therefore, the doors of the universities were opened much wider in order to promote the spread of liberal education and the development of scholarship.

As for national universities, upon the request of the General Headquarters (GHQ) of the Allied Powers, it was decided to place at least one national university in each prefecture in order to avoid the concentration of national universities in large urban areas and thereby ensure that all would have equal access to higher education. Before that, the GHQ had called for the transfer of administrative authority over all national universities and specialised schools to local governments, with the exception of the national comprehensive universities (former Imperial Universities) which could remain under the auspices of the Ministry of Education (Monbusho).³ Opposition to this plan was voiced from all sides, particularly from people affiliated with the universities. The Education Reform Committee⁴ also rejected this proposal on the basis that it would endanger the autonomy of the universities, that it would fail to take into account the need for a systematic distribution of public

universities throughout the nation, and that the local authorities would lack the financial resources to support the university system. In the face of such extensive opposition, the GHQ withdrew its suggestion.

In 1949, 70 institutions, including those with a single faculty, opened their doors as national universities. The imperial universities and other governmental universities were integrated into the newly created university system without difference in terms of legal status, and some of them later incorporated a few local public institutions as their faculties. A number of national universities started either from old normal schools or as branch schools responsible for two-year courses. In contrast to the former imperial universities and other former governmental universities, these new national universities would remain weak for a long time in terms of prestige, staffing, facilities, budget allocation and management ability.

In addition, 17 local public universities and 81 private universities also began teaching in 1949. Some of the older specialised schools reopened as junior colleges. Although the junior college system was initially regarded as a temporary measure, over the years this kind of institution spread from the big cities throughout Japan to fill an important gap within the higher educational system.

The expansion of higher education After the reorganisation during the occupation period, the 1960s and early 1970s witnessed the most rapid growth of the higher education system. Numerically, whereas there had been 245 universities and 280 junior colleges in 1960, there came to be 420 universities (Figure 2) and 513 junior colleges by 1975. In terms of student numbers, by 1975 the population attending universities (including graduate schools) increased to 1,734,082, or 2.77 times the 1960 student population (Figure 3), and in junior colleges to 348,922, or 4.28 times the 1960 figure. The percentage of students continuing on to university or junior college by 1975 increased from 10.3% to 38.4% of the corresponding age group.

Figure 2 Number of universities by sector

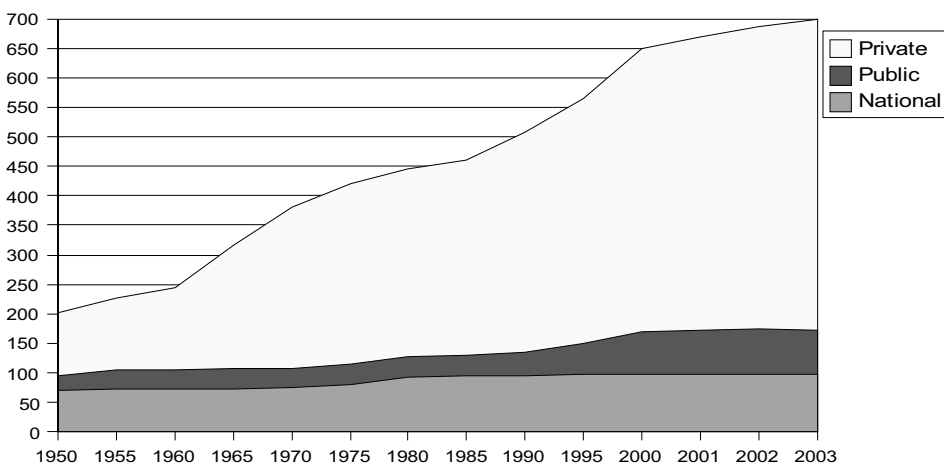
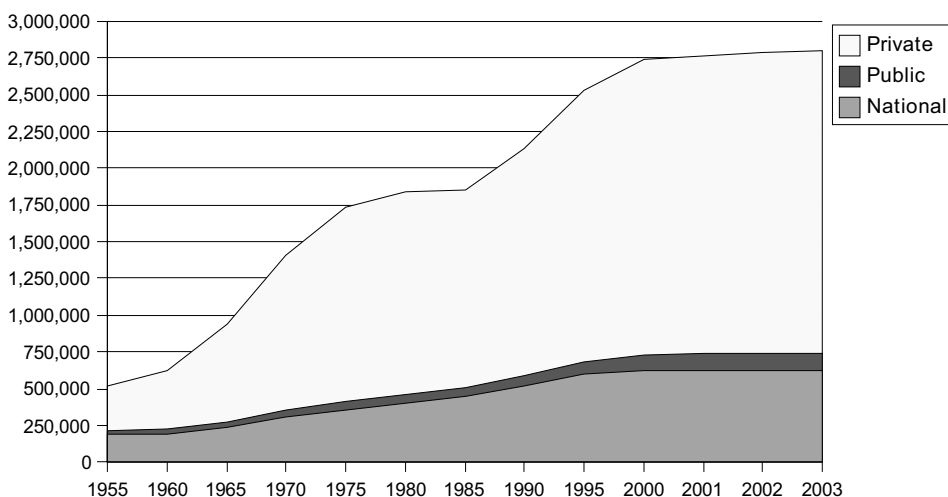


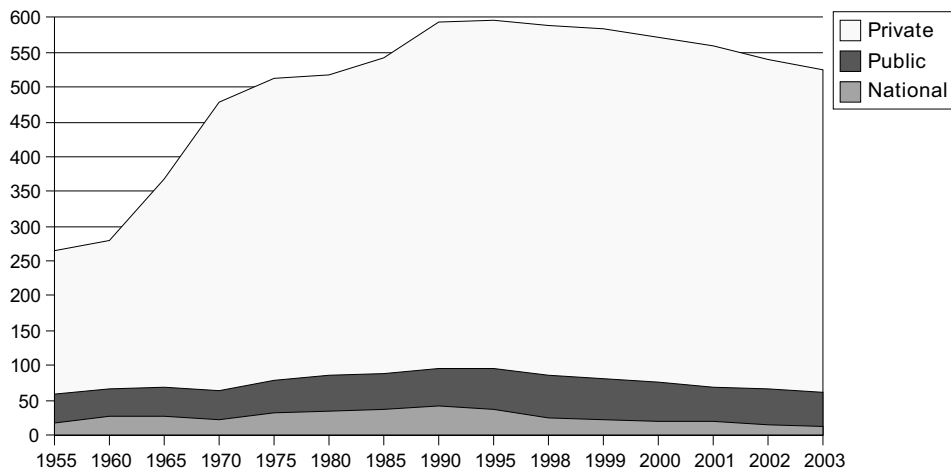
Figure 3 Student enrolment in universities (including graduate students) by sector

In response to the rapid growth of higher education, corresponding changes were made within the university structure, particularly on the part of the private universities. The development of private universities and junior colleges was well illustrated by the sharp increase in the percentage of their enrolled students out of the total student population: students enrolled in private universities and junior colleges rose from 64.4% for universities and 78.7% for junior colleges in 1960 to 76.4% for universities and 91.2% for junior colleges in 1975 (Figure 3 with respect to universities).

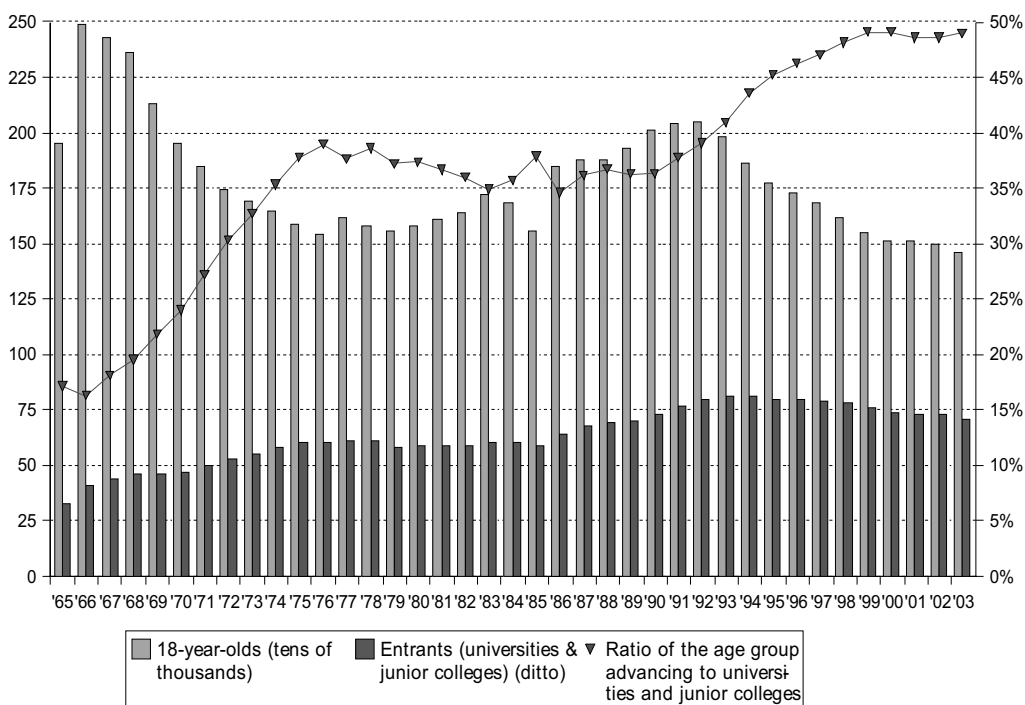
The rapid growth of the private school system gave rise to a serious problem of lack of adequate financing among private universities. Governmental financing of private schools in the form of loans had begun already in 1952, when the Private School Promotion Association was established as a channel through which the Government invested money on behalf of private schools.⁵ Since that time, the Government has drawn up an annual plan to provide financial assistance via this channel. Governmental direct subsidies to offset the cost of equipment were made available to private universities in 1953. Despite governmental allocations, revenue from student tuition was inadequate to cover the balance. In the face of rising personnel expenses on the one hand and limits on the amounts by which student fees could be raised on the other, the financial condition of private universities deteriorated rapidly, especially from the late 1960s. As a result, a noticeable gap emerged between the quality of education provided by private and national universities. The Government responded to this serious situation in 1970 by making subsidies available for ordinary operating expenses, including personnel expenditure. Furthermore, the Japan Private School Promotion Foundation Law was enacted in 1970, and subsequently the Japan Private School Promotion Foundation was set up in July 1970 to administer the expanded subsidy programme. The Private School Promotion Association was then dissolved.

The beginning of decline The second rapid expansion of higher education occurred in the 1980s and early 1990s (Figure 2 and Figure 3 above). The number of universities increased from 446 (93 national, 34 public and 319 private) in 1980 to 565 (98 national, 52 public and 415 private) in 1995, and 699 (97 national, 76 public and 526 private) in 2003.⁶ However, the number of 18-year-olds reached its peak in 1992, and has been decreasing ever since. Although the number of universities is still increasing, the number of junior colleges reached its peak (596 in number) in 1996 and is now decreasing rapidly (Figure 4).

Figure 4 Number of junior colleges by sector



In addition, the proportion of the age group advancing to universities and junior colleges reached 49.1% in 1999, and has been stagnant at around 49% since then (Figure 5). It is predicted that, in the near future, all the applicants for higher education will be able to be admitted to a certain university or junior college unless he or she makes a particular choice.⁷

Figure 5 Trends in 18-year-old population and access to higher education

Reforms and deregulation in higher education The National Council on Educational Reform, established in 1984 as an advisory body to the Prime Minister, submitted reports on a wide range of issues, including the improvement and individualisation of university education, the sweeping enhancement and reform of graduate schools, fiscal policies relating to higher education, the organisation and management of universities, and the establishment of a “University Council”. In 1987, the Monbusho established the University Council as an organisation to deliberate on basic aspects of higher education in Japan. Immediately after its inauguration, the Minister of Education instructed the University Council to study specific measures for the advancement, individualisation and revitalisation of education and research in universities and other institutions of higher education. Monbusho (1995) summarised the reasons for university reform as follows:

1. Progress in scientific research and changes in human resources;
2. Rise in the percentage of students continuing to higher education and diversification of students; and
3. Growing need for lifelong learning and rising social expectations of universities.

Ever since the establishment of the University Council in 1987, measures such as quantitative and qualitative improvement of graduate schools as well as deregulation and improvement of university administration and management have been taking place to realise more advanced education and research, more individualised higher education and more active university administration and management. One of the most salient and repercussive recommendations was the abolition of subject

areas to enable universities to structure curricula that reflect their own educational ideals and objectives, which resulted in 1991 amendment of the Standards for the Establishment of Universities. It was decided that there should be no definition of subject areas, such as general education and specialised education in the Standards for the Establishment of Universities. It was also decided to discontinue the practice of requiring students to obtain a certain number of credits in each subject area as a prerequisite for graduation and to make the acquisition of a minimum total number of credits the only requirement. Another most important recommendation was the qualitative and quantitative improvements of graduate schools and making their system more flexible, in order to accept a larger population of students with diverse backgrounds.

In 1998, the University Council submitted a report, *A Vision for the University of the 21st Century and Future Reform Measures: Distinctive Universities in a Competitive Environment*, which built upon the progress of university reform at that time. The report presented the basic policies of university reform in the perspective of the 21st century as follows:

1. Improve the quality of education and research with the purpose of nurturing the ability to investigate issues;
2. Secure university autonomy by making the educational and research system structure more flexible;
3. Establish university administration and management with responsible decision-making and implementation; and
4. Individualise universities and continuously improve their education and research by establishing multiple evaluation systems.

Based on the recommendation, the National School Establishment Law was amended in 1999 to enhance the responsiveness of each university to society and to reinforce the leadership of the president of the university, including the establishment of an advisory committee on administration composed of non-university members in each university, and the building up of a managerial system under the leadership of the president.

To further promote the reform, *Policies for the Structural Reform of Universities (National Universities)* in June 2001 defined the future direction of the reform, with a view to making universities more dynamic and internationally competitive. It stipulated: (1) that the realignment and consolidation of national universities should be boldly pursued; (2) that the management methods of the private sector should be introduced into national universities; and (3) that a competitive mechanism with third-party evaluation should be adopted by universities. The private sector management methods referred to in (2) above were meant to turn national universities into independent administrative institutions (mentioned later) and require outside participation in university administration and merit-based human resources management.

In 2002, the School Education Law was revised and provided more flexibility to institutions for a reorganisation of faculties and departments, while a continual third-party evaluation system was

introduced. Under the revised law, only notification to the Ministry is required of the institution in cases of reorganisation without change in the kinds and fields of degrees awarded by that institution, and ministerial authorisation itself is no longer necessary.

The evolution of the autonomy of national universities

In Japan, university autonomy has long been regarded in the same light as or confused with academic freedom (Terasaki, 1998, p. 183). Although these are closely interrelated, they are different notions. A declaration of the International Association of Universities, a UNESCO-affiliated organisation, in 1998, entitled “Statement on Academic Freedom, University Autonomy and Social Responsibility”, clearly defined each notion respectively. According to the definition, university (institutional) autonomy refers to the necessary degree of independence from external interference that the university requires with respect to its internal organisation and governance, the internal distribution of financial resources and the generation of income from non-public sources, the recruitment of its staff, the setting of the conditions of study and, finally, the freedom to conduct teaching and research. In the strict sense of that definition, Japanese national universities have never fully enjoyed autonomy in a perfect manner, either in the pre-war era or in the post-war era.

After the war, academic freedom was for the first time explicitly ensured by the Japanese Constitution promulgated in 1946, which stipulated in Article 23 that “Academic freedom is guaranteed”. Similarly the Fundamental Law of Education referred to this respect vis-à-vis academic freedom. The School Education Law stipulated in Article 57 that a faculty meeting should be established in each university so that faculty might deliberate on important matters, which was regarded as a measure to ensure academic freedom. As for national universities, in order to guarantee the observance of this principle, the Law for the Special Rules for Public Educational Personnel and Staff stipulated procedures for the appointment of teaching staff, disciplinary affairs, selection of president, etc. It was also understood thereby that the institutional autonomy of each university was constitutionally guaranteed, even though it was not to be explicitly ruled by law or other forms of legislation (Ienaga, 1962, pp 107-108).

In contrast to some critical pre-war cases where academic freedom was violated by public power, such as the Takigawa Affair in Kyoto Imperial University in 1933,⁸ in the post-war period academic freedom has mostly been an issue in private institutions. The case of Meijo University in 1959, where a professor (president) was dismissed by the board of directors without consulting the faculty meeting,⁹ can be cited as a specific example. On the other hand, in national universities, academic freedom has been relatively well respected thanks to the Law for the Special Rules for Public Educational Personnel and Staff.

However, being well protected against external pressures, while the massification of higher education was proceeding, national universities failed to respond to the change in societal needs. This was typically illustrated by student movements in the late 1950s and 1960s, symbolised by the

occupation by radical students of Yasuda Hall of the University of Tokyo in 1969, which resulted in a fierce confrontation between students and police and forced cancellation of entrance examinations that year. Many universities could not make any important decisions against these movements and were thrown into confusion for a long time. The movements finally came to an end following the enactment of the Law concerning Emergency Measures on the Operation of Universities, promulgated in August 1969.

From 1970, the Ministry began to take various measures to enable universities to make the university structure more flexible so as to enable individual universities to carry out appropriate reforms on their own initiative in response to a variety of demands from society. For example, in 1970 the Ministry gave more flexibility to the organisation of the general education curriculum at universities. In 1972 the Ministry created arrangements for credit transfers between universities (in 1982 these arrangements were extended to credit transfers between universities and junior colleges). In 1973 the Ministry helped make the educational and research structure of universities more flexible, for example, by allowing universities to set up new types of basic educational and research units other than the faculty (e.g. college clusters and research institutes were created at the University of Tsukuba). In 1976 the Ministry authorised universities to admit students (or to allow students to graduate from a university) at the beginning (or the end) of a school term, rather than at the beginning (or the end) of an academic year.¹⁰ In 1985 the Ministry gave more flexibility to the qualification of university teachers so as to enable universities to appoint working people from other sectors as university teachers.

Thus, deregulations concerning university education and research have gradually been implemented, and further enhancement was realised in the 1990s, as mentioned earlier. However, these deregulations have led to little enhancement of institutional autonomy. In many universities, academic units, especially faculties, have still been quasi autonomous in the name of academic freedom, and a president of a university is often no more than *primus inter pares*.

Quality assurance in higher education

Quality assurance in higher education in Japan is in the first place based on the School Education Law. The law stipulates that educational institutions including universities should be established according to the standards set by the Minister of Education (Article 3). Among these standards, those related to universities are stipulated in a ministerial ordinance—Standards for the Establishment of Universities; the ordinance prescribes requirements for the establishment of a new institution, including those concerning organisation, enrolment number, qualifications of academic staff, educational programmes, facilities and equipment. The law stipulates also that the Minister of Education should set the standards for degree programmes provided by higher education institutions

(Article 68-2). Requirements for degree awards are stipulated in a ministerial ordinance—Regulation concerning Degrees.

The Japan University Accreditation Association (JUAA), organised in 1947 as an independent body under the sponsorship of universities, set up its own university standards with a view to improving the quality of universities by “self-directed efforts and the mutual support of its members”, and has put into practice its accreditation system for examining the qualifications of its member institutions.¹¹ JUAA was initially conceptualised as an entity to approve the establishment of universities and the accreditation thereof. But since 1956, when the Monbusho set up the University Establishment Standards via a ministerial ordinance, the Association's university standards have been administered solely as standards for accreditation by the association, and the accreditation of a member institution has been practised on a voluntary basis. For that reason and others, JUAA's activities have been marginal and have not contributed so much to the quality assurance of Japanese higher education.

It can be said that, in spite of the micromanagement over the establishment of institutions by the Government, quality assurance after its authorisation has been regarded essentially as the responsibility of each institution. However, quality assurance has gradually been systematised by the Government in parallel with the enhancement of the autonomy of higher education institutions. Nowadays, the Standards for the Establishment of Universities require each institution to review and evaluate its activities and make the results public in order to fulfil its objectives and societal mission, and also require it to make an effort to have recourse to a third party to ensure the validity of those results (Article 2). The relevant article was stipulated in 1999, modifying the existing article laid down in 1991 which only requested universities to make an effort to review and evaluate their activities, without mentioning the participation of a third party.

In 2002, the National Institution for Academic Degrees (NIAD) was reorganised so that it could carry out university evaluation in addition to degree awarding (National Institution for Academic Degrees and University Evaluation (NIAD-UE)¹²), and began to implement evaluations of national and local public institutions on a trial basis. The first results were compiled in March 2002, and were reported to the relevant institutions as well as to society at large. Regarding these results, many universities which had undergone the evaluation forwarded counterarguments. The Association of National Universities (ANU), after analysing evaluation activities, commented that the evaluation tended to be uniform and standardised because of the framework set forth by the NIAD-UE with respect to the missions of universities, and that the burden of the universities which underwent the evaluation was too heavy, especially for small universities, to the extent that routine work could possibly be prevented. The NIAD-UE has been revising its evaluation activities, and put forth in August 2003 an interim report on its overall roles and activities in the future for public comment.

The scheme and schedule of the NIAD-UE's evaluation activities are shown in Figures 6 and 7 (NIAD-UE, 2003).

Figure 6 Conceptual diagram of university evaluation at NIAD-UE

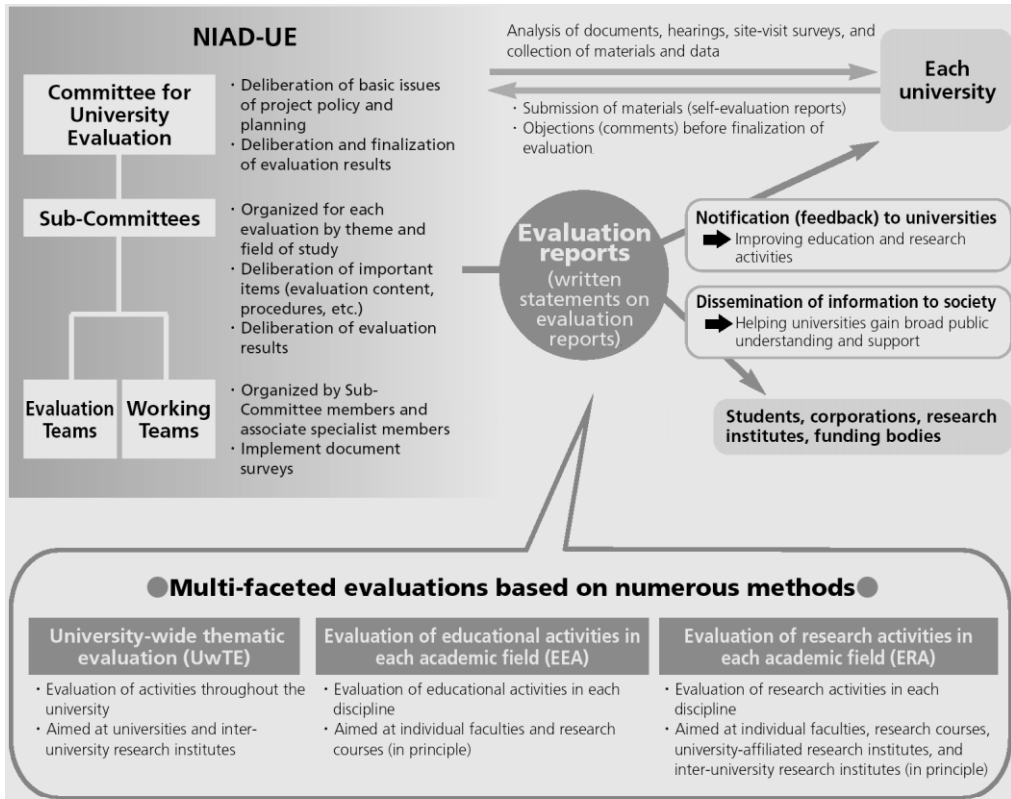
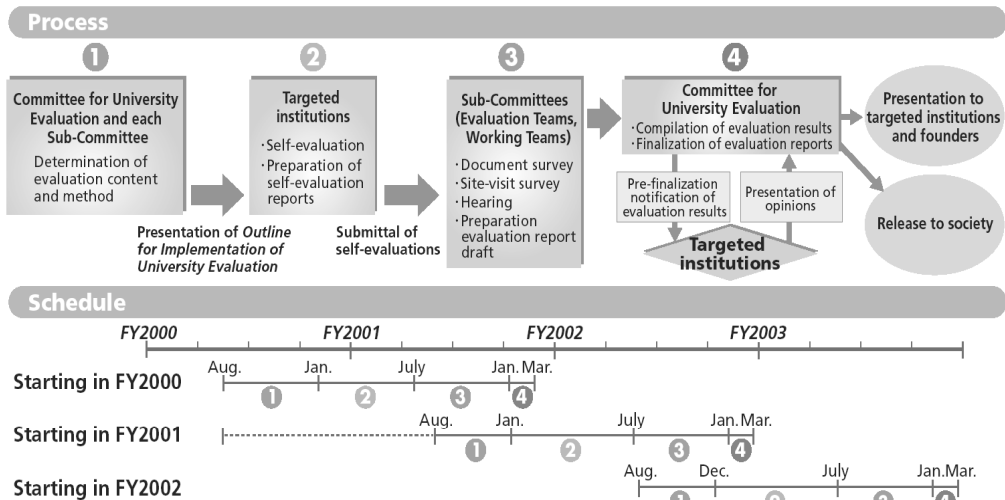


Figure 7 University evaluation process and schedule at NIAD-UE



*The dotted line for evaluations starting in FY2001 represents the period of the Primary Survey for "liberal education" evaluation conducted as part of UwTE starting in FY2000.

In 2002, the Central Council for Education recommended the Minister of Education to refrain from micromanaging universities so that they might develop their education and research activities to respond to the changes of the society, and at the same time the council recommended setting up a new total quality assurance system including a continual third-party evaluation. In response to the recommendation, the School Education Law was amended in the same year, and a continual third-party evaluation system was introduced as mentioned earlier.

Under the revised law, third-party evaluation bodies, independent from both the Government and higher education institutions, shall be recognised by the Minister of Education, in accordance with published criteria that cover standards, methods, and organisation for evaluating higher education institutions in continual external quality assurance activities. From April 2004, universities and junior colleges will be required to ask an evaluation body to conduct an evaluation once every seven years, with results being reported to each institution and the Minister, as well as being made available to the general public. The MEXT will authorise several third-party evaluation bodies, likely to include the NIAD-UE and the JUAA, with the chance these organisations may also receive financial support (Kimura et al., 2003).

In addition, the Government has promoted accountability to taxpayers and has increasingly adopted a contract-based or performance-based funding system. In 2002, the MEXT initiated a new funding scheme called “The 21st Century COE Programme”, in relation to the 3rd policy of the *Policies for the Structural Reform of Universities (National Universities)* in 2001 mentioned earlier.¹³ It subsidises programmes proposed by universities (not limited to national universities) to found world-class research/education centres, of which the proposals are to be screened by a committee composed of specialists from various disciplines. In 2002, 113 programmes were selected out of 464 proposals, among those selected 49 were programmes proposed by 7 former imperial universities. In 2003, 133 programmes were selected out of 611 proposals. These programmes are to be financed for 5 years, the amount of money to be given being dependant upon the nature of disciplines and programmes.

In 2003, the MEXT undertook a new project called the “Promotion of distinctive university education activities”. It aims at improving university education nation-wide by sharing the best practices in educational activities. Although it is not a grant project like the COE Programme mentioned above,¹⁴ 664 programmes were proposed by universities out of which 80 were selected.

In the era of globalisation, quality assurance for transnational higher education has become increasingly problematic. Japan has actively participated in the discussion of trade in the education services market. On 15th March 2002, the Japanese Government submitted a negotiating proposal on education services to the World Trade Organisation (WTO), which emphasised the importance of liberalisation and quality assurance to protect consumers/learners from low quality services. The Japanese Government has reiterated that the promotion of trade liberalisation and the assurance of educational quality should go hand in hand in the educational services sector. The introduction of a

new system of third-party evaluation in Japan is expected to contribute not only to national but also to international quality assurance of Japanese higher education. (Kimura et al., 2003)

Incorporation of national universities

Progress towards incorporation The idea of incorporating national universities is not new one. An earliest appearance of the idea can be found in the proposal *Teikokudaigaku dokuritan shiko* [Private study on independence of the Imperial University] in 1899 where academics put forward placing the Imperial University under the patronage of the Emperor conferring juridical personality to it. In the 1960s, a certain number of proposals were made by academics, such as Michio Nagai's *Daigakukosya* [university corporation] in 1962. In 1971, the Central Council for Education proposed, as one alternative, incorporating national universities to help self-development by giving them more institutional autonomy.

In the late 1980s, the National Council on Educational Reform vehemently discussed the possibility of incorporating national and public universities. At the same time, the incorporation of national universities came to be studied as part of governmental administrative reforms. In 1990, the Provisional Council for the Promotion of Administrative Reform recommended that the Government revise national university management, and suggested the incorporation of national universities as an option. In 1997, the Administrative Reform Council recommended in their final report that the reform of national universities should be pursued immediately, respecting their autonomy, to enhance the quality of education and research, and also suggested the incorporation of national universities as one option.

Meanwhile, a new administrative system called the "Independent Administrative Institution (IAI)" was set up in 1999, which was to separate some organisations from the central government, giving them autonomy to enhance the effectiveness and efficiency of their operation in providing administrative services.¹⁵ In April 2001, 57 new autonomous governmental corporations were created, and the incorporation of other governmental agencies is still in process. The incorporation of national universities came then to be studied as part of this organisational reform in the Government.

The study on incorporation of national universities came to be officially undertaken by the Ministry of Education in September 1999, when the Minister of Education announced in front of national university presidents the fundamental direction of the study on the incorporation of national universities, and a wide range of consultations began. In 2001, a study group composed of academics and non-university people was set up in the Ministry and proceeded with the study on the incorporation of national universities with close consultation with the Association of National Universities (ANU). The study group put forth the final report in March 2002 on a framework of the incorporation of national universities (hereafter referred to as the "final report"). Finally, in July 2003, the National University Corporation Law and other relative 5 laws were legislated and were partially

implemented in October. All the national universities will be individually incorporated as of 1st April 2004.

Objectives of the incorporation National universities are at present a part of the national government, and are directly operated by the latter. By acquiring the status of “national university corporations”, they will acquire juridical personality and become more autonomous from the Government. This reform is regarded as one of the most dramatic reforms of Japanese university since the Meiji era (MEXT, 2003).

New national universities will be expected to develop distinctively their educational and research functions on the basis of their management autonomy and independence. Meanwhile, the Government will have the responsibility of supporting national universities in terms of promoting academic research and producing professionals with the highest capabilities. The principles of the incorporation of national universities are described as follows (*ditto*):

1. Incorporating respectively each national university
 - Breaking away from support for national universities in the style of an “armed convoy”
 - Deregulation concerning budgets and personnel leading to a competitive environment by ensuring each university's autonomy
 - Production of more attractive education and research
2. Introduction of management techniques based on “private-sector concepts”
 - Top-management by the board of directors centred on the president
3. People from outside the university participating in the management of universities
 - Participation of people from outside the university as executives
 - An administrative council composed of insiders and outsiders
4. Improvement of the process of selection of the president
 - Selection of candidates by a president selection committee in which non-university experts participate to reflect opinions from society
5. Selection of the non-civil servant type as status of personnel
 - A flexible personnel system based on capability and performance of personnel
 - Transfer of the power to appoint all the administrative staff to the president
6. Thorough disclosure of information and evaluation
 - Allocation of resources based on results of third-party evaluation
 - Transparency and increased contribution to the public

System of the national university corporation

Foundation Each national university will be individually given juridical personality and become a national university corporation.¹⁶ It should be noted that some existing IAIs are regrouping plural former governmental organisations, such as the Independent Administrative Institution National Museum which incorporated three former national museums. This policy—individually incorporating national universities—aims at extending individuality by enhancing the institutional autonomy of each institution.

Article 4 of the National University Corporation Law stipulates that each national university corporation will set up a national university as listed in the annex of the law. As of April 2004, there will be 89 national university corporations and the same number of institutions (87 national universities and 2 junior colleges) founded by these corporations.

The functions to be fulfilled by national university corporations are defined as follows (Article 22):

1. Establish and operate national universities;
2. Provide students with counselling on matters such as studies, career planning and physical and mental health, and other forms of help;
3. Conduct research under the commission of or together with parties other than the relevant national university corporation, as well as engage in educational and research activities in co-operation with parties other than the relevant national university corporation;
4. Offer opportunities for study to persons who are not students, including courses open to the general public;
5. Disseminate and promote the application of research results;
6. Finance those who implement projects that both promote the application of technology-related research results at the relevant national university and are specified by government ordinances; and
7. Carry out other functions necessary for implementing functions enumerated above.

The Government is required to pay continual attention, with regard to implementing the law, to the characteristics of education and research at national universities (Article 3).

Evaluation committee Article 9 stipulates that an Evaluation Committee for National University Corporations (hereafter referred to as the “evaluation committee”) shall be set up in the MEXT. The same article stipulates that the evaluation committee shall be in charge of the following matters:

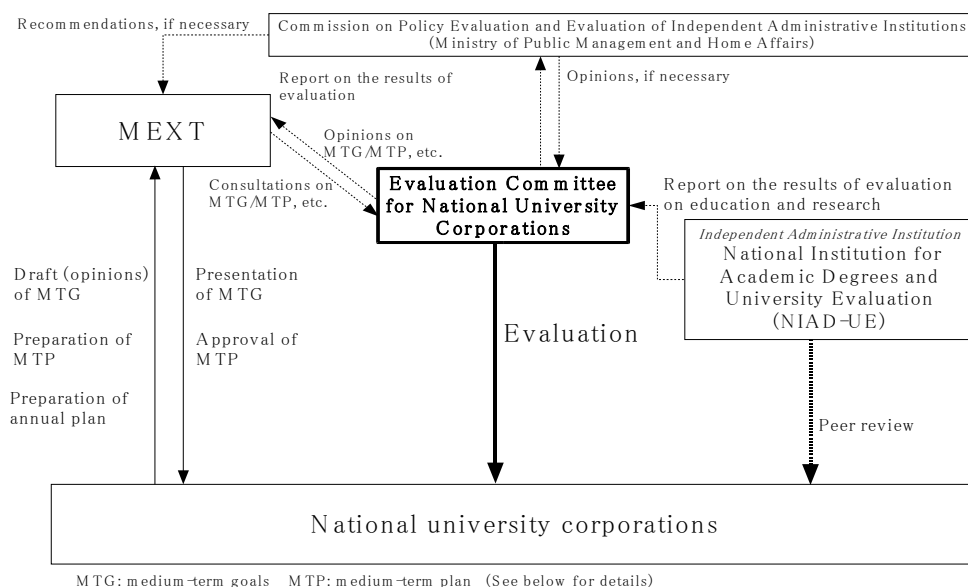
1. Evaluation of the performance of activities of national university corporations; and
2. Other items in relation to the competence attributed to the evaluation committee by this law.

With respect to the matters essentially related to education and research, the evaluation committee shall be reported by the National Institution for Academic Degrees and University Evaluation (NIAD-UE), in order to respect the specialised nature of education and research of universities.

The evaluation committee will report the results of evaluative activities to the MEXT as well as to the Commission on Policy Evaluation and Evaluation of Independent Administrative Institution in the Ministry of Public Management and Home Affairs. The aforesaid commission may make recommendations to the evaluation committee as well as to the MEXT, if it deems this to be necessary.

The evaluation committee was, prior to the foundation of national university corporations, set up on 1st October 2003. It held its first general meeting on 31 October, and selected Ryoji Noyori (2001 Nobel laureate in chemistry) as its chairman.

Figure 8 Evaluation system of national university corporations



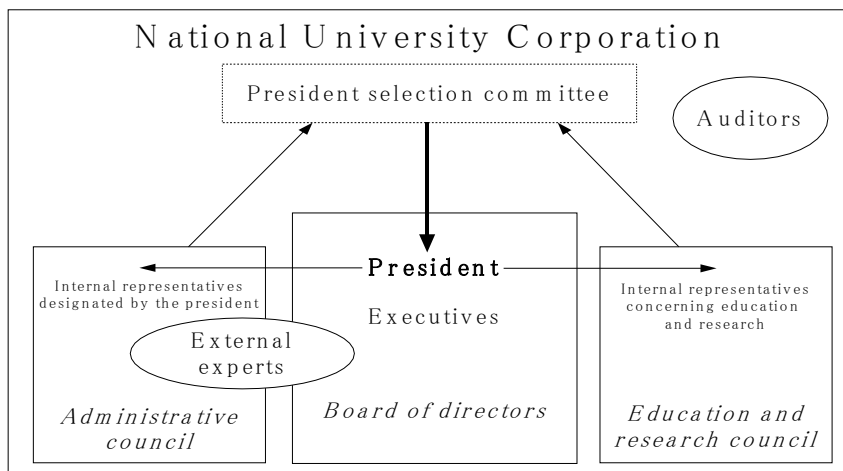
Governance and management Concerning the organisational operations, the ministerial study group set forth following three perspectives:

1. Establishment of dynamic and manoeuvrable management framework centring on the president of the university and the deans of each faculty;
2. Realisation of management systems open to society by participation from non-university persons; and
3. Flexible structure of organisations capable of making the most of individuality and innovations of individual universities and development of diverse activities.

Each national university corporation will have the president of the university and executives in its governing body. In contrast with the current national universities having the sole deliberative organisation (council), three deliberative organisations will be set up in each corporation : (1) board of directors, (2) administrative council, and (3) education and research council. The governance will be

shared by these three organisations. In addition, the structure of the secretariat will be at the discretion of each university.

Figure 9 Governing bodies of national university corporations



a. President and other directors Each national university corporation will have as directors the president of the university, two auditors and executives (not more than the number set by the law) (Article 10). The president of the university will be the head of the corporation. Therefore, the president will fulfil the functions both as the head of the university and as the head of the corporation. The president and the executives compose the board of directors. The president will obligatorily consult the board before making relevant decisions concerning the following matters (Paragraph 2, Article 11):

1. Opinions on the medium-term goals to be submitted to the Minister of Education and items related to the annual plans;
2. Items requiring the permission or consent of the Minister of Education according to the law;
3. Budget plan and its implementation, as well as accounts;
4. Establishment or abolishment of the relevant national university, faculties, departments, and other important units; and
5. Other important items fixed by the board of directors.

The president of the university will be appointed by the Minister of Education based on the proposal by the relevant national university corporation (Article 12). The aforesaid proposal will be elaborated on by a president selection committee consisting of members both from the administrative council and from the education and research council. Both groups of members from the two councils shall be equal in number. The term of office of the president will be fixed by the regulations of each national university corporation for not less than 2 years nor more than six years after deliberation in the president selection committee (Paragraph 1, Article 15).

The auditors will be appointed by the Minister of Education (Paragraph 8, Article 12). At least one of them shall be a person from outside the relevant university (Article 14). Consultation with the relevant national university corporation on their appointment is not required by the law. The auditors will audit the functions of the relevant national university corporation and, based on the audit, may submit recommendations to the president or the Minister of Education when it is deemed necessary (Paragraph 4-5, Article 11). The term of office of auditors is 2 years (Paragraph 3, Article 15).

The executives will be appointed by the president (Article 13). Similarly to auditors, one of them at least shall be a person from outside the relevant university (Article 14). Executives will assist the president and, according to his or her instructions, execute the functions of the corporation, delegate the president in case of accident, and perform the functions of the president when absent (Paragraph 3, Article 11). Their term of office will be fixed by the president, but it will not be longer than 6 years and the last day in office shall lie not later than the last day in office of the president (Paragraph 2, Article 15).

b. Administrative council The administrative council consists of the president of the university, executives and other staff members designated by the president, and people outside the university having broad knowledge of and excellent insight into matters concerning universities designated by the president after consultation with the education and research council (Article 20). Not less than half of the total members shall be appointed from outside.

The administrative council will be presided over by the president of the university. It will deliberate over:

1. Opinions on the medium-term goals which are related to the administration of the national university corporation;
2. Matters concerning the medium-term or annual plans which are related to the administration of the national university corporation;
3. Establishment, alteration, and abolition of important regulations concerning the administration, including the school rules (limited to the part which is related to the administration of the national university corporation), the accounting regulations, the standards for the payment of honoraria for directors and their retirement payments, and the standards for the payment of employee salaries and retirement payments;
4. Budget plan and its implementation, as well as accounts;
5. Checks and evaluations of the organisational and administrative situations that are conducted by the council itself; and
6. Other important matters concerning the administration of the national university corporation.

c. Education and research council The education and research council consists of the following members (Article 21):

1. President of the university;
2. Executives designated by the president of the university;
3. Heads of important units for education and research, including faculties, graduate schools and research centres attached to the university that the education and research council determines; and
4. Staff members designated by the president according to the decisions of the education and research council.

The education and research council will be presided over by the president of the university. It will deliberate over:

1. Opinions on the medium-term goals (except those deliberated by the administrative council);
2. Matters concerning the medium-term plans or annual plans (except those deliberated over by the administrative council);
3. Establishment, alteration, and abolition of important regulations concerning education and research, including the school rules (except the part related to the administration of the national university corporation);
4. Personnel affairs of faculty members;
5. General orientations concerning the organisation of curriculum;
6. Support provided to students necessary for their studies and other issues, including advice, instructions and other forms of help;
7. General orientation concerning enrolment policies, including admission and graduation of students, termination of educational programmes, as well as general orientation concerning the conferment of degrees;
8. Checks and evaluations of the educational and research situation that are conducted by the council itself; and
9. Other important matters concerning education and research at national universities.

d. Secretariat and other clerical organisations Currently the structure of clerical organisations of each university is directly administrated by the Government. After incorporation, it will be possible for universities to reorganise them at any time at the discretion of the university within the range of the budget.

The final report urges that clerical organisations' duties should not be limited to functions centring on the support of education and research activities by academic staff as well as administrative clerical processing in accordance with legislation, but that they should also bring into full play their function as a group of experts in university administration, by actively participating in the formulation of plans

for university administration in collaboration with academic staff, directly supporting the president and other directors.

Personnel Concerning the personnel systems, the ministerial study group set forth in the final report the following three perspectives:

1. Lending flexibility to personnel systems that enable diverse activities by academic staff;
2. Introducing impartial performance evaluation systems and providing incentives; and
3. Wide-ranging appointment of appropriate and suitably qualified personnel, and expanded diversity and mobility of academic staff to handle international competition.

a. Status of personnel With regard to the status of personnel, two options were studied by the study group: the public servant type and the non-public servant type (Table 2).

Table 2 Public servant type and non-public servant type

	<i>Public servant type</i>	<i>Non-public servant type</i>
<i>Guarantee of status</i>	Stipulated by law	Stipulated by rules of employment of each corporation
<i>Rights of labour</i>	Disputes are prohibited.	Disputes are not prohibited.
<i>Recruitment of administrative staff</i>	Selection among successful candidates in the national public service examination	According to the criteria defined by each corporation
<i>Dual employment, side business, and political activities</i>	Restricted by the National Public Service Law	Stipulated in the employment rules of each corporation
<i>Foreigners</i>	Impossible to appoint them to management positions	Possible to appoint them to management positions
<i>Salaries and working hours</i>	Determined by each corporation	(idem)
<i>Medical insurance and pensions</i>	Similar to the national public servants	(idem)
<i>Provisions of the penal code such as bribes</i>	Similar to the national public servants	(idem)

The study group opted for the non-public servant type, which was then finally adopted by the Government, because of the following reasons:

1. More flexible forms of recruitment, salary structures and working hours that are not tied to the framework of the National Public Service Law;
2. Diverse forms of employment which are not tied to the framework of the Law Concerning Special Measures for the Appointment of Foreign Nationals as Instructors at National and Other Public Universities, such as the appointment of foreigners with outstanding education and research capacity as university presidents, faculty deans and other management

positions;

3. Flexible operation based on corporation policy with regard to dual employment/side business of directors of commercial enterprises; and
4. With regard to personnel other than academic staff, recruitment that emphasises specialised knowledge and skills, based on the personnel strategies of each corporation, without depending on the principle of exam recruitment in the National Public Service Law.

b. Appointment of academic staff The ministerial study group recommended in the final report the following matters:

- Under the new administrative framework of national universities, presidents and faculty deans should play a larger role as the people responsible for the administration of the university and its faculties.
- To improve the objectivity and transparency of the selection process for academic staff, advertising systems should be actively introduced, and selection criteria and results made public.
- It should be necessary to create mechanisms to enable more comprehensive decisions, such as listening to opinions from outside the university, such as demanding participation in selection committees from academic staff in related fields from inside and outside the university, and by demanding and referring to evaluations and recommendations by external experts.
- To ensure that outstanding personnel from inside and outside the country would be actively recruited, flexible personnel systems should be adopted which would respond appropriately to the nature of the work of academic staff (education, research, university management and administration, etc.)
- To increase the mobility and diversity of academic staff personnel, necessary measures, such as actively introducing term systems and advertising systems, and clarifying concrete innovations in medium-term plans, should be taken.
- It is necessary to provide conditions and give consideration to the recruitment of graduates of other universities, foreigners, females, and handicapped academic staff.
- In order to develop outstanding young academic staff with a rich international perspective, considerations in terms of personnel administration and provision of conditions are necessary, such as introducing sabbatical systems to enable young academic staff to gain research opportunities in universities overseas.

Although the academic staff appointment system will not be nationally modified by the incorporation of national universities, it should be noted that, in 1997, a Law concerning the Term of Office of the Teaching Staff of Universities was promulgated, which enabled national and public universities¹⁷ to implement a contract-based employment system with term limits in specific cases. Since its enactment, many national and public universities have set up regulations concerning the term

of office of teaching staff and have implemented such systems. In some faculties, the employment of the entire academic staff, including full professors, has moved to contract-based ones with term limits, and such moves are spreading among national and public universities¹⁸. In addition, a systematic evaluation on teaching staff is increasingly applied or studied in many universities, which is in some cases linked to the salary and promotion.

c. Personnel systems for non-academic staff At present, non-academic staff are public civil servant. Only successful candidates in national public service examinations are eligible for the recruitment process of national universities. All staff members are categorised in terms of status, functions, remuneration, conditions for promotion, etc., according to the standards set forth by the Government. The number of staff allotted to universities by the Government is determined by category. In addition to the recruitment restriction mentioned above, the categorisation is also not at the discretion of the university. Therefore, even if a university is in need of personnel with specific skills such as information technology and management, it may be very difficult to recruit these kinds of personnel as clerical staff. In fact, many national universities have hired such personnel as academic staff.

Although the appointment of most non-academic staff is delegated to the president of the university, high-level non-academic staff is appointed by the Minister of Education, including secretary generals, vice secretary generals and other directors. They are moving among universities and other institutions under the jurisdiction of the MEXT, including the ministry itself. The management of those staff is carried out by the ministry without consultation with relevant national universities.

After incorporation, the appointing power of non-academic staff will be entirely transferred from the Minister of Education to the presidents of universities. In addition, by adopting the non-public servant status, national university corporations will be able to recruit among a wide range of people, including professionals and experts in higher education management, and manage non-academic staff based on the systems determined by each corporation.

The final report urges, taking into account that job areas requiring a high degree of specialisation are spreading, the creation of personnel systems that enable conditions in accordance with this specialisation at each university, and in relation to the revision of the secretarial organisations, the reviewing of recruitment and development procedures of non-academic staff to enable them to function fully as groups of professionals in university administration.

Goals and plans

a. Medium-term goals and medium-term plans Medium-term goals (MTG), which are to be given by the Minister of Education to each national university corporation based on opinions of the

latter (Figure 8), are deemed to be one step towards achieving the basic philosophy and long-term goals of individual universities, and are goals which must be achieved within a given time frame. In addition to becoming the guidelines for developing medium-term plans for universities, they will also act as the main criteria for evaluating the performance of universities.

Medium-term plans (MTP) are concrete plans for achieving medium-term goals. They will act as the basis when requesting budgets for operational grants, and will be a concrete element when evaluating the degree of achievement of medium-term goals.

The duration of medium-term goals and medium-term plans will be 6 years, taking into account the state of curriculum design and terms of study. It is longer than the duration of MTG/MTP of IAs, which is 4 years. In addition, consultation with universities will be mandatory before the definition of medium-term goals by the Minister of Education, which is not the case with IAs.

b. Preparation of medium-term goals The Minister of Education will individually define objectives related to operational management as medium-term goals that are to be realised by each national university corporation within a period of 6 years (Article 30). These goals are to be presented to national university corporations, and are to be announced to the public. The same procedure will apply in case of amendment of goals.

The following items shall be stipulated in the medium-term goals:

1. Amelioration of the quality of education and research;
2. Improvement and development of the efficiency of operational management;
3. Improvement of the balance;
4. Checks and evaluations of the state of affairs in education and research as well as organisation and management, which are conducted by the corporations themselves, and the supplying of the relevant information; and
5. Other important items regarding operational management.

When establishing or modifying the medium-term goals, the Minister of Education shall consult the national university corporations beforehand, take their opinions into account, and consult the evaluation committee.

c. Preparation of medium-term plans When the medium-term goals are presented by the Minister of Education, each national university corporation shall prepare a medium-term plan aimed at realising the aforesaid goals.¹⁹ The plan shall be approved by the Minister of Education. The following items shall be stipulated in the medium-term plan:

1. Measures necessary for the realisation of goals related to the amelioration of the quality of education and research;
2. Measures necessary for the realisation of goals related to the improvement and development of the efficiency of operational management;

3. Budget (including estimated personnel expenses), revenue and expenditure plans, and financial plan;
4. Maximal amount of short-term borrowings;
5. When the transfer or mortgaging of important property is intended, a plan of such operation;
6. Use of surplus funds;
7. Other items related to operational management, stipulated by the ministerial ordinance of the MEXT.

When granting the approval, the Minister of Education shall consult the evaluation committee beforehand.

d. Drafts of the first medium-term goals and medium-term plans In July 2003, a model of items to be included in the medium-term goals and medium-term plans was shown by the MEXT to national universities. With respect to the medium-term goals, major items laid down in the model are shown in the Table 3. According to the model, concrete measures to realise each medium-term goal will be elaborated on in the medium-term plan. The model lays down as examples somewhat detailed items to be included in the medium-term plan (Table 4).

Table 3 Model of items to be included in the medium-term goals (extract)

(preface) Fundamental goals

I . Period of the medium-term goals and basic organisations of education and research

II . Goals regarding the improvement of the quality of education, research and other activities of the university

1. Goals regarding education

- (1) Goals regarding the results of education
- (2) Goals regarding the contents of education and others
- (3) Goals regarding the implementation organisations of education and others
- (4) Goals regarding support to students

2. Goals regarding research

- (1) Goals regarding the standards and results of research and others
- (2) Goals regarding the development of implementation organisations of research and others

3. Other goals

- (1) Goals regarding the co-operation with society, the international exchanges and others
- (2) Goals regarding the university hospital
- (3) Goals regarding the attached (primary and secondary) schools

III. Goals regarding the improvement and rationalisation of operation and others

- (1) Goals regarding the improvement of the administrative organisations
- (2) Goals regarding the reviews of education and research organisations
- (3) Goals regarding the adjustment of personnel affairs
- (4) Goals regarding the improvement and rationalisation of clerical work

IV. Goals regarding the improvement of financial affairs

- (1) Goals regarding the increase of own resources including external research funds
- (2) Goals regarding the control of expenses
- (3) Goals regarding the improvement of the use and administration of properties

V. Goals regarding self checks/evaluations and the provision of information about the aforementioned activities

- (1) Goals regarding the improvement of evaluation
- (2) Goals regarding the promotion of information disclosure

VI. Other important goals regarding operation and administration

- (1) Goals regarding the upgrading/utilisation of property and equipment and others
 - (2) Goals regarding security management
-

Table 4 Examples of items to be included in the medium-term plan corresponding to the medium-term goals III - 1 (improvement of the administrative organisation)

<p>1. Measures to achieve the goals regarding the improvement of the administrative organisation (examples of items)</p> <ul style="list-style-type: none"> • Concrete measures regarding the establishment of a management strategy involving the whole university • Concrete measures regarding the effective and dynamic operation of the administrative organisation • Concrete measures regarding the dynamic and strategic operation of academic units under the leadership of each head • Concrete measures regarding the administration involving both academic and non-academic staff • Concrete measures regarding the strategic allocation of on-campus resources in the interests of the whole university • Concrete measures regarding the appointment of off-campus experts and specialists • Concrete measures regarding the improvement of internal audit functions • Concrete measures regarding the system of voluntary collaboration and co-operation with other national universities 	<p>etc.</p>
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The drafts of the first medium-term goals and medium-term plans were prepared by actual national higher education institutions that are put on the list of incorporation (87 national universities and 2 junior colleges). They were presented to the MEXT by 30 September 2003, and are now being examined by the evaluation committee, which will continue until March 2004.

Finance Concerning the financial accounting systems, the ministerial study group set forth in the final report following three perspectives:

1. Allocation of resources based on results of third-party evaluation of education and research;
2. Creating flexibility in financial systems to make the most of university policies and innovations; and
3. Accomplishing accountability in terms of finance, and securing social reliability.

a. Multiplication of resources Currently, the finance of the national university depends quasi entirely upon the Special Account for National Educational Institutions. The special account was set up in 1964 to finance national educational institutions (essentially national universities), with the purpose of improvement of these institutions. It also aimed at setting their budget apart from the general account budget to manage their income and expenditures independently.

The revenue of the special account consists of transfers from the general account, self-earned income including tuition fees, fees for entrance examinations, income from attached hospitals and other incomes. The amount of the special account budget for the 2003 fiscal year is 2,804,529 million yen (23,371 million US dollars, \$1=120 yen), 54.8% of which (1,525,606 million yen) is coming from the general account budget (Figure 10). With respect to expenditures, personnel expenses account for 52.6% (Figure 11).

Figure 10 Income of the Special Account for National Educational Institutions (FY 2003)

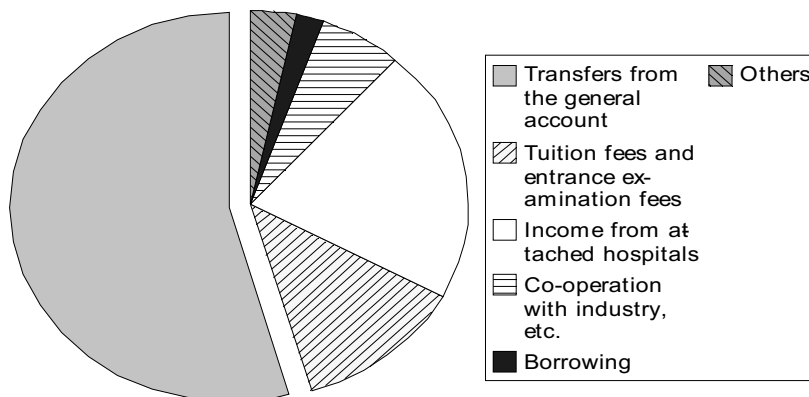
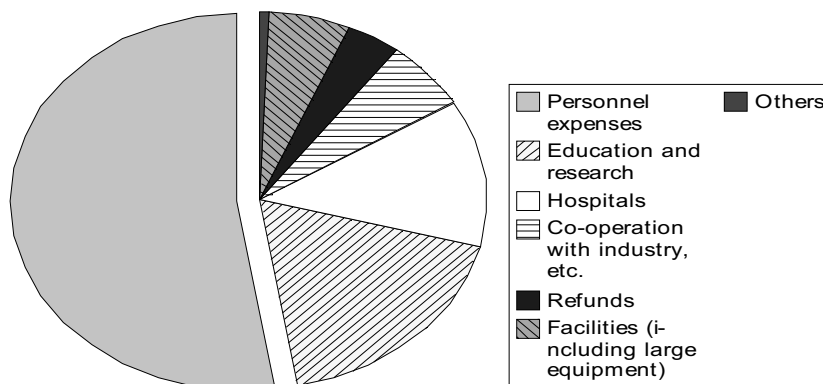


Figure 11 Expenditures of the Special Account for National Educational Institutions (FY 2003)



Under the current account system, all the income except some mission-specified resources, such as research grant from industry, goes to the special account. Fees such as tuition fees and entrance examination fees, are determined by the Government, and they go to the special account as well. After incorporation, the income will become, as a rule, at disposal of national university corporations, and they will be able to fix their fees within the limits set by the Government.

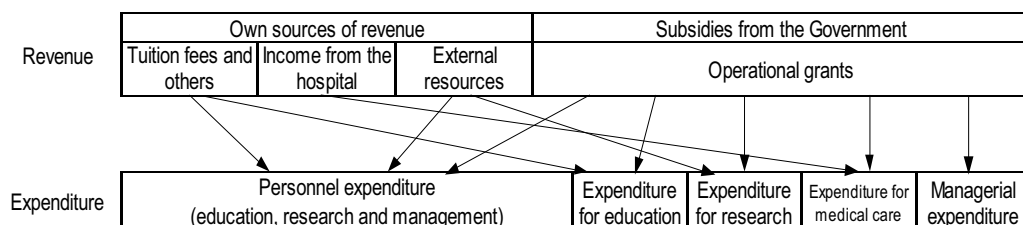
In addition, national universities are expected to multiply their resources for additional income, by increasing donations, developing entrepreneurial activities, including commissioned research and adult education programmes, and so on.

b. Increased flexibility Financially, at present, the operation of national universities relies essentially on the budget allotted by the Government. Therefore, the national accounting system governs the account of national universities, which involves strict controls and a high degree of

micromanagement from the Government. The budget allotted to each university is earmarked in detail, and very few decisions on how to spend it are left to the discretion of each university. In addition, the actual budgeting system requires plenty of bureaucratic formalities, and lacks efficiency.

After incorporation, national university corporations will become able to execute operational grants more flexibly without earmarking. In return, they will have to be more accountable for their budget and go through strict evaluation afterwards. Hiroshima University, for example, plans to allocate its resources as follows:

Figure 12 The revenue and expenditure of Hiroshima University after incorporation



c. Operational grants and other incomes Operational grants will be given to the national university corporations based on the medium-term plan in order to ensure their activities. They are the total sum of 1) and 2) below.

- 1) The difference between standard income and expenditure, calculated using the same calculation method for all universities, which is based on student numbers and other objective indicators [*standard operational grants*]; and
- 2) Amounts required to apply to the implementation of projects and administration of specific education and research facilities which are difficult to handle with objective indicators [*specific operational grants*]

In allocating operational grants, the results of third-party evaluation of education and research at each university will be appropriately reflected, with a view to promoting the individualistic development of each university and fostering a competitive environment.

As for students' payments, each national university corporation will be allowed to raise tuition and entrance fees by up to 10 % from the standards set by the ministry. For the next fiscal year, the standards will be the same as the amounts of tuition and entrance fees of this year, which are 528,000 yen and 282,000 yen respectively.

d. Investment in facilities and borrowing The final report suggests that, in order to achieve more flexible administration, some university facilities may be separated from national university corporations and established as a different type of corporation, and that, if necessary, national university corporations may finance these corporations. In particular, a national university

corporations will be able to invest in a technology licensing office. Intellectual property, which belongs to inventors under the present system, will be handled by national university corporations. Industry-university co-operation is expected to be boosted. In addition, national university corporations will be allowed to raise funds by borrowing.

The challenges of the incorporation

Initially, the proposal of the incorporation of national universities was not welcomed by national universities. Many academic and non-academic staff members as well as students in national universities protested for various reasons: some found it to be a violation of academic freedom, and others doubted if the Government intended to lower its responsibility in higher education leading to a reduction of the relevant budget. Even today, many continue protesting, against the MEXT and the ANU, or the president at each national university.

The incorporation of national universities is not a panacea for excellence. Many challenges are to be surmounted before a successful reform is gained. The author of this paper pointed to 6 major challenges in September 2002 at an OECD meeting (Oba, 2002), which were:

1. Establishment of reliable and transparent evaluation procedures;
2. Development of characteristics of national universities;
3. Transformation of university governance;
4. Professionalisation of administrative staff;
5. Wider opening to society and to the world; and
6. More active Government but in the background.

Although the situation has changed a lot since, these factors still remain challenges to be overcome. In this paper, just a few points will be mentioned taking recent developments into account.

a. Development of individuality and the stability of finance In October 2003, the MEXT released drafts of the first medium-term goals and medium-term plans that had been prepared by the actual national universities. Although the model mentioned earlier had been shown as an example and had not been binding, drafts were generally based on the model.

A certain number of noticeable initiatives, including new management concepts, numerical targets and enhanced supports for students, could be observed in some, but the drafts were predominantly filled with moderate and inoffensive statements. In fact, the evaluation committee, convened on 18 December 2003, expressed its dissatisfaction with the drafts and decided to ask national universities to revise them. The reason could be mainly attributed to the fact that the detailed organisation of national university corporations, the flow of funds (especially operational grants), and the criteria of the evaluations by the evaluation committee were still not clear at the time of the presentation of the drafts. Several university presidents commented that it had been difficult for them to put numerical goals in the draft because the criteria of performance evaluation had not been clarified.

Even now, the problem of financing has not yet been solved and it is still being negotiated by the MEXT and the Ministry of Finance. The latter asked the MEXT during the budget negotiation for the next fiscal year to reduce gradually the operational grants, including personnel expenses, and to compensate for them with a rise in tuition fees and others. The MEXT and the ANU expressed their opposition to this plan. In December, the ANU adopted unanimously a petition calling for substantial budget allocation for national universities and other demands, and expressing the possibility of the resignation of the presidency at the time of the incorporation of national universities.

However, it is quite certain that the individualisation of universities will depend largely not only on initiatives of universities but also on the stability of financing to universities. Without it, the competition among universities would force them to focus on revenue streams to the exclusion of other activities, such as expensive disciplines with lower enrolment, and extracurricular activities, which are indispensable for the all-round education of students or for the further development of science, and consequently for society at large.

b. Evaluation and financing From April 2004, although governmental regulations will continue to be applied no less than in private institutions, each national university will become responsible, as a rule, for its own budget, staffing, structuring, organisation and others. The incorporation of national universities will make them engage further in entrepreneurial activities and enhance competition among universities from all the sectors—national, (local) public and private—for students and various resources such as grants. This situation will have to work towards the improvement of all institutions, which will rely largely on the reliability of the evaluation and financing systems.

Up until now, the budget allotted to national universities has been based not only on non-competitive criteria, such as number of students and staff, but also on the performance-related or merits criteria, such as the quality of research projects proposed by universities. As for the budget allotted according to the latter criteria, every national university has been competing with each other. After incorporation, the budget will be allotted as a lump sum (operational grants), and the performance of each university will come to be evaluated at the end of the medium-term goals/plan period. In addition, the allocation of the budget of the next period will come to vary according to the results of the evaluation.

Hence, the success of the reforms will depend ineluctably on the evaluation criteria and methods that will be employed by the evaluation committee as well as NIAD-UE. At the first meeting of the evaluation committee in October 2003, chairman Noyori, pointed out that university activities were quintessentially multi-dimensional with spiritual perspectives and recognised that there had been no criteria and methods set to appropriately evaluate such activities, which should be developed. Without them, the reforms would not enhance the quality of national universities but rather impoverish them.

c. Differentiation of the roles of national universities from those of private universities

Increased competition among universities is expected to give rise to further questioning of the difference in governmental funding between national universities and private universities. In FY 2003, 99 national universities (including junior colleges) and other national educational institutions receive 1,525,606 million yen,²⁰ whereas 989 private institutions²¹ receive only 321,750 million yen for operational expenditure.²² Private universities have long questioned the gap, which has contributed to increasing subsidies for their sake, but may have decreased the entire budget allotted to higher education. The Ministry of Finance, taking advantage of the questioning, has succeeded in raising the tuition fees of national universities on the pretext of reducing the gap and of the beneficiary-payment principle.²³

On 26 November 2003, the Financial System Council reported to the Minister of Finance and recommended the adoption of a system that would enable each national university to revise tuition fees, in light of the gap between national and private universities and thorough implementation of the beneficiary-payment principle. Based on the recommendation, the Ministry of Finance proposed to the MEXT that it set a rule to make national universities automatically raise tuition fees after incorporation.²⁴

However, needless to say students are not the sole beneficiaries of higher education; that the society as a whole is benefited by it. Both national and private universities should unanimously reiterate this fact to the public.

On the other hand, incorporation will increasingly blur the difference between national and private institutions. National universities will have to define their missions, being distinctively different from those of private universities, and also from those of public universities. Mergers of small national universities, which have been occurring since April 2003, may be one of the preconditions for that.

d. Shared governance and institutional autonomy At the 31st Annual Study Meeting entitled “Reconstructing the Governance and Management of Japan's National Universities”, held by the Research Institute for Higher Education (RIHE), Hiroshima University in November 2003, Robert Birnbaum (2003) pointed to the undeniable importance of shared governance for Japanese national universities. After elucidating two perspectives — rational and cultural — directing university governance and management, he characterised the shared governance as a cultural rather than rational concept, where a co-operative principle, rather than strong presidential leadership or hierarchical structure, was accepted. He also point out that the central cultural governance value in American universities was institutional autonomy and that the institutional effectiveness could be maintained only if major decisions were made through such institutional governance system.

His suggestions are of considerable importance both to the Government and to the executive body of each university. For the Government (not limited to the MEXT), interference in the governance of a

university may not only endanger academic freedom and institutional autonomy, but also compromise the institutional quality and organisational effectiveness. For each university, it may not be desirable to strengthen the decision-making of the executive body structurally; the directors must try to involve both academic and non-academic staff, as well as students if necessary, in a manner consistent with the institutional values of their university.

Closing remarks

For several decades, Japan enjoyed economic growth driven by well-configured Industry-Government-Education collaboration. The mission and role of universities were as a rule defined to serve to the society in this framework, although many academics were reluctant to collaborate with industry or with the Government and many reforms of universities were undertaken throughout the period.

The framework came to an end in the period following the fall of the Berlin Wall in 1989. In 1990, the “bubble economy” collapsed and the Japanese economy has been stagnant ever since. The recession forced structural changes to industry, followed by governmental administrative reform up to the ministerial level. Under such circumstances, as the key to progress, universities are increasingly demanded to contribute to society—education of students with skills, development of mission-oriented research, participation in joint research projects with industry and government, etc. University reform progressed rapidly in the 1990s, symbolised by the amendment of the University Establishment Standards in 1991, as mentioned earlier.

In addition to the economic decline, Japanese society will experience a rapid decrease in the number of 18-year-old people, and the enrolment in universities is expected to plunge over the next decade. Universities will be faced with enhanced competition to attract students, which will force each institution to define its characteristics and mission in order to be more attractive to students, i.e. more competitive. Moreover, the competition will not remain national, but will take on an international dimension, symbolised by the discussions at the WTO and the apparition of virtual universities. In fact, the incorporation of public universities and enhancement of institutional autonomy are a world-wide trend, as can be seen by the incorporation of national universities in Thailand and the *politique de contractualisation* in France. Governments rely more and more on the market to encourage greater responsiveness from the higher education system. At the same time, accountability and quality assurance in higher education are increasingly an issue in every country.

Japanese national universities will be separated from governmental organisation and become national university corporations in April 2004. However, the reform of national universities will not end with their incorporation, and they will have to seek excellence in education and research under increasing pressure in the form of market forces.

Finally, for Japan, in order to overcome current economic and societal difficulties, it is critical to prepare well-educated citizens with talents and abilities, by producing and transmitting knowledge in an excellent environment realised by university reform. Because it is difficult to educate people with inspiration or conduct creative research under pressure from outside or governmental restrictions, an essential part of university reform is to let universities actualise it by themselves. The Key to success may lie in shared governance and institutional autonomy.

Notes

- 1 The description of this chapter owes largely to Monbusho (1980, 1990 and 1995).
- 2 Reign name of the emperor (1868-1912). The Meiji era began with a revolution called the Meiji Restoration which marked the opening of the modernisation of Japanese society.
- 3 Although it had changed with the times, the official appellation of the ministry was “Ministry of Education, Science, Sports and Culture” (“Monbusho” in Japanese), when the ministry was merged in 2001 with the Science and Technology Agency and became the Ministry of Education, Culture, Sports, Science and Technology (MEXT). In this paper, the Minister in charge of the Monbusho or the MEXT will be referred to as the Minister of Education.
- 4 Advisory body to the Prime Minister. It was established on 10 August 1946 for the purpose of the realisation of a "new education".
- 5 The Private School Law (1949) had elaborated on the provisions concerning the appropriation of public subsidies to private schools in relation to Article 89 of the Constitution of Japan, which prohibited the expense or appropriation of "public money or other property" to "any educational enterprises not under the control of public authority".
- 6 All data concerning numbers of institutions and students are those as of 1st May in the corresponding year. As of 1st May 2003, there were legally 100 national universities because of the mergers of two pairs of universities (Yamanashi and Tsukuba), after which coexist forerunners until the graduation of enrolled students. In this paper, these forerunners (3) are not included in the statistics. In addition, ten mergers of national universities occurred in October 2003, which are also not included.
- 7 In Japan, the total enrolment number to universities and junior colleges is controlled by the Government. The prediction suggests that the total enrolment number will be equal or superior to that of applicants.
- 8 Yukitoki Takigawa, professor of the Faculty of Law, was suspended from office because of his doctrine, and this was followed by the submission of resignations by all the faculty members.
- 9 In this case, the dismissal was later judged illegal and invalidated by court.
- 10 In Japan, an academic year is composed of two terms.

- 11 <http://www.juaa.or.jp/english/>
- 12 It was not until May 2003 that this institution's English name was changed, although the Japanese appellation was modified. Until then, the original English name was kept (NIAD). NIAD-UE will be incorporated in April 2004 at the same time as the national universities, and will become an IAI (mentioned later).
- 13 At the time of disclosure of the policies, this new funding scheme plan was called "Top 30".
- 14 Some programmes are, however, to be financed within the limit of existing resources.
- 15 Article 2 of the Law concerning the General Rules of the Independent Administrative Institutions defines independent administrative institutions as "legal entities established pursuant to this Law or other specific laws enacted for the purpose of efficiently and effectively providing services or businesses that may not necessarily be offered by private entities or that need to be exclusively offered by a single entity, from among those services or businesses that must be reliably implemented for the public benefit, such as for the stability of socio-economic or national life, but that need not necessarily be directly implemented by the Government on its own."
- 16 More precisely, each national university will be founded by a national university corporation (see below).
- 17 As for private universities, the law stipulates procedures for the implementation of the contract-based employment with term limits, but it is largely left to the judgement of each institution.
- 18 For example, a reform plan adopted by Yokohama City University (public) on 29 October 2003 proposed a non-tenure system to be applied to all the academic staff.
- 19 In practice, drafts of goals and plans are being prepared by universities at the same time. The draft of goals prepared by universities is regarded as an opinion stipulated by law.
- 20 This amount is equal to the transfers from the general account budget to the Special Account for National Educational Institutions (therefore it includes the budget for non-university institutions such as inter-university research institutes).
- 21 This number includes all the private universities and junior colleges comprising those not receiving national subsidies.
- 22 Apart from these subsidies, private institutions receive subsidies for equipment and facilities (23,550 million yen).
- 23 This policy has never worked towards the reduction of the gap, since the tuition fees of private universities have paralleled the progress of the tuition fees of national universities.
- 24 Yomiuri On-Line, 11 December 2003.

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Presentation 2

**Riding over Autonomy and Accountability:
Reform of University Governance in Hong Kong and Singapore**

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Riding over Autonomy and Accountability: Reform of University Governance in Hong Kong and Singapore

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Introduction

In coping with the increasingly competitive global marketplace, the governments of East Asian newly industrializing economies such as Hong Kong, Singapore, South Korea and Taiwan have recently conducted comprehensive reviews and then implemented a variety of reform initiatives for their education systems in recent years (Mok, 2003). To enhance their citizens' global competence, the governments of Hong Kong and Singapore have deliberately made education one of the top political priorities. Realizing that human resource is the only resource they possess, these Tiger economies have invested heavily in education (Mok & Tan, 2004). This paper sets out in the wider context of globalization to examine how and what specific reform strategies that two of the Tiger economies, Hong Kong and Singapore, have adopted in reforming their higher education systems in coping with globalization challenges. More specifically, the paper has chosen a focus in examining how these Asian governments in general and universities in particular reform the governance and management structures of higher education institutions. Particular attention will be given to examine how quality assurance exercises have conducted in higher education. The final part of the paper will examine the policy implications of recent changes and transformations in higher education governance in Hong Kong and Singapore.

Globalization, Changing Philosophy in Governance and Education Reforms

Over the past few decades, people have begun to talk about the impact of globalization on economic, social, political and cultural fronts (e.g., Sklair, 1995; Giddens, 1990; Hirst & Thompson, 1999). When examining the impacts of globalization on social, economic and political developments in the contemporary period, different scholars may have diverse interpretations. While some of them support the convergence thesis emphasizing the homogenization processes resulting from the growing impacts of globalization, others argue contrarily for the divergence thesis that there is strong evidence showing different, pluralistic and localized responses to globalization processes (Bradley et al., 2000; Vaira, 2003). When talking about "globalization", sociologists refer to a complex set of processes which "result from social interaction on a world scale, such as the development of an increasingly integrated global economy and the explosion of worldwide telecommunications" (Sklair, 1999, p. 321;

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Giddens, 1999). As Giddens rightly observes, “globalization is restructuring the ways in which we live, and in a very profound manner” (1999, p. 4). One of the major impacts of the globalization processes relates to the fundamental change in the philosophy of governance and the way the public sector is managed (Pierre, 2000).

Most important of all, processes of globalization have not only caused changes to economic and social arenas but also altered the conventional relationship between the state and governance. The questioning of the state’s ability to continue monopolizing the provision of public services in recent decades has led to the transformation of the state from being “big government, small individual” to the trend of “small government, big individual” (Flynn, 1997). As modern states are very much concerned with better performance in the public sector, fashionable terms such as “excellence”, “increasing competitiveness”, “efficiency”, “accountability” and “devolution” have been introduced and different strategies such internal audits, quality assurance, performance pledges, management-by-objectives have been adopted to try to improve the efficiency and effectiveness of public services (Mok, 1999).

Unlike past practices, the new vision of governance conceives modern states as “facilitators” instead of “service providers”. This is particularly true when the “welfare state” is now turned into a “competitive state”. Jones (1998) suggests that globalization promotes a distinct “New World Order” where “much of the globalization process came to be dependent on the adoption of reduced roles for government, not only as a regulator but also a provider of public services” (p. 1). This “New World Order” is characterized by governments which revamp the role of a government and cut back the scope of their work; while the notion of “social good” is replaced by the rhetoric of “economic rationalism” whereby customer choice and the three Es, namely, economy, efficiency and effectiveness are emphasized (Welch, 1996).

Central to the changes taking place in public policy domain and public sector management discussed above is related to the popularity of the ideologies of managerialism and economic rationalism. Serving for better performance in the public sector, such fashionable terms as “excellence”, “increasing competitiveness”, “efficiency”, “accountability” and “devolution” have been introduced. Likewise, different strategies such as internal audit, quality assurance, performance pledges, management-by-objectives, strategic management, linking performance with outputs have been adopted in trying to improve the efficiency and effectiveness of public services (Sankey, 1995; Pollitt, 1986; Aucoin, 1990). All these reform initiatives are of main concerns regarding the principles of “efficiency” and “quality” in public service delivery. Education, being one of the main public services, is not immune from this tidal wave of “management-oriented” reforms.

Schools, universities, and other learning institutions now encounter far more challenges, and are subjected to an unprecedented level of external scrutiny (Currie & Newson, 1998; Jones, 1998). The growing concern for “value for money” and “public accountability”, being central to the notions of managerialism, has also altered the way that education is managed. Changes to control, ways of monitoring, assuring and assessing the quality of education, are universal (Caldwell, 1997; Welch,

1998; Mok, 2000). It is not surprising when systems of education in all parts of the world are in a state of change with increasing interest in upholding the notions of accountability, value for money and greater access. Increased accountability has inevitably driven education practitioners and academics to engage in devising and searching for different mechanisms and strategies in order to assure quality, particularly more weight are being given to satisfy the three major stakeholders (academic community, state and the market) in the system (Ball, 1998; Barnett, 1990). Such questions as economy, efficiency and effectiveness are asked in the provision of public services. A concern for effectiveness led on easily and logically to a concern for Quality, thus raising the issue of how performance is measured to be measured (Welch, 1998; Barnett, 1990).

Similarly, higher education is not immune from the growing impact of globalization. Universities and other institutions of higher learning now encounter far greater challenges, and are subjected to an unprecedented level of external scrutiny. All providers of higher education today inhabit a more competitive world where resources are becoming scarcer, but at the same time they have to accommodate increasing demands from the local community as well as changing expectations from parents and employers. Within such a policy context, universities nowadays are much more governed by market ideologies and the corporate discourse of efficiency and effectiveness (Kim, 2003). The change in governance ideology in the higher education sector has undoubtedly altered the ways higher educational institutions are managed, and the lifestyle of academics as well (Slaughter & Leslie, 1997; Braun & Merrien, 1999).

Hong Kong and Singapore, being well aware of the growing impacts of globalization challenges in general and quality movement in education in particular, have started to review their higher education systems and education reforms and changes in governance and management structures have been implemented to make their higher education systems more competitive in the global market place. The following parts discuss the policy context for higher education reforms, major reform strategies and how government and management structures have changed in higher education institutions in Hong Kong and Singapore.

Policy Context of Higher Education Reforms in Hong Kong

Recent reforms and transformations in Hong Kong higher education are closely related to the wider context of public sector reform started in the city-state in 1989. Since the early 1990s, the Hong Kong government has adopted different strategies along the lines of managerialism, neo-liberalism and economic rationalism to reform its public management and public policies, such as those relating to housing and health services (Cheung & Lee, 2001; Mok, 2000). Hoping to make the public sector more responsive and sensitive to the public, different reform strategies such as “quasi-marketization” (in the health sector) and “privatization” (in the housing sector), have been proposed and/or implemented in recent years (Gauld & Gould, 2002; Lee, 1999). Education, and particularly higher

education in Hong Kong, has also been affected by the current trend of managerialism-oriented reforms (Mok & Lau, 2002).

In addition to the impact of the managerialism-oriented reforms on education policy and development, the globalization challenges have indeed accelerated structural transformations and critical changes in the higher education sector. When Tung Chee-hwa came to office as Chief Executive of the Government of the HKSAR, he commissioned the Education Commission (EC) to conduct a comprehensive review of Hong Kong's education system. After the review, the EC published the *Review of Education System Proposal* in 2000, making it very clear that the political, economic and cultural changes taking place in Hong Kong and around the world signalled a trend towards globalization, a knowledge-based economy and cultural diversity. To meet the challenges ahead, there was an urgent need to provide opportunities and an environment for the people of Hong Kong to develop their potential and to build a culturally diverse, democratic and civilized society with a global outlook in order to strengthen Hong Kong's competitive edge (EC, 2000).

In response to the EC's recommendations, the Chief Executive directly addressed the issue raised by the EC in his 2000 Policy Address, asserting that "Hong Kong is ready for the global economic competition" and that a "holistic reform of education for the challenge is needed" (Tung, 2000). On the higher education front, the government believes that more graduates with higher education training would foster the HKSAR's future social and economic development. In his policy address, Tung proposed another round of higher education expansion by doubling sub-degree places by 2010 (Tung, 2000). In order to maintain the competitiveness of higher education, the Education and Manpower Bureau (EMB) commissioned the University Grants Committee (UGC) to conduct a review on higher education in May 2001. The review report was published in March 2002, recommending that the government adopt different reform measures to restructure the higher education system.

In addition to the external factors outlined above, higher education transformations in Hong Kong have also been driven by the massification of university education since the late 1980s. In the late 1970s, about 3 percent of the relevant age cohort (19-21) was admitted to university education and the growth rate was kept consistent and steady until the late 1980s. In 1989, the government decided to increase the number of first-year first-degree places to 15,000 and the enrolment rate of local universities, polytechnics and post-secondary colleges by the academic year 1994-1995, indicating a rapid expansion of undergraduate degree programme enrolment rate from 6 percent in 1989 to about 18 percent in 1994 (UGC, 1996, p. 28). The rapid expansion of higher education enrolments has raised social concern about how higher education quality can be assured and maintained particularly when an elitist system has rapidly been turned into a massified system of higher education (UGC, 1996).

It is against such a wider policy context that reforms and transformations have been initiated by the Hong Kong government to higher education. Central to the higher education reforms is the adoption of the principles and practices of managerialism, neo-liberalism and economic rationalism to improve

the performance and efficiency of the higher education sector. In the most recent higher education review, the Hong Kong government is very keen to change the higher education governance model, diversify financial and funding sources, and mobilize non-government sectors including the market, the community, the family and individuals to engage in higher education financing and provision. Along with decentralization to allow more flexibility for individual higher education institutions to decide their development plans, and emphasis being placed on performance and productivity of the higher education sector, we believe the way higher education is managed and governed will undergo drastic changes in coming years. The following section closely examines the most recent higher education reforms taking place in Hong Kong higher education, followed by the discussion of how governance and management structures of higher education institutions have changed in response to the consistent and continual calls for quality assurance.

Most Recent Higher Education Reforms in Hong Kong

In order to achieve the HKSAR Government's strategic intent to increase the participation rate of higher education to 60 per cent for the relevant age group by the year 2010, as part of the ambitious reforms proposed by the EC, the UGC was commissioned by the EMB to launch another comprehensive review of the higher education system in Hong Kong. A Steering Committee chaired by Lord Sutherland, formerly Principal and Vice-Chancellor of the University of Edinburgh in the United Kingdom, was appointed by the UGC to carry out the review. The review report entitled *Higher Education in Hong Kong* was released in March 2002. Central to the report was a major rethinking the way that higher education is managed and governed. Believing the introduction of market principles and practices could promote competition and improve performance and efficiency in the higher education sector, the review report recommended that a small number of institutions be strategically identified as the focus of public and private sector support in order to create universities capable of competing at the highest international level. The UGC further recommended the government decouple the salary scale of university academics from that of civil servants to allow more flexibility and freedom to universities to determine remuneration and terms of service for academic staff. Linking resource allocation with performance in teaching, research and management, the UGC is keen to increase the proportion of public funding that is distributed according to performance and mission. In addition, the review team recommended reviewing the existing Research Assessment Exercise (RAE) by sharpening the assessment methodology and identifying areas of research excellence for further development (UGC, 2002).

Another area that the review team identified for further improvement in the higher education sector was the governance structures of all public universities. According to the review report, every UGC-funded higher education should carry out a review of its governance and management structures in line with the notion of fitness for purpose. Higher education governance reform has been identified by the UGC as an area of concern to be addressed in the near future. Apart from refining the existing

management and governance structures, the quality assurance system will be further strengthened with the institutionalization of performance indicators on teaching and learning processes and research outcomes (UGC, 2002; *Ming Pao Daily*, 2 April 2002). Central to the major recommendations of the review report was the use of market principles and market strategies to run education by encouraging universities to become entrepreneurial universities and establishing and strengthening their relationships with other non-state actors, particularly with the business and industrial sectors. Notions of “public-private partnership”, “academic capitalism”, “entrepreneurial universities” are becoming more common in the Hong Kong higher education sector (Mok, 2003a; UGC, 2000a). Most recently, the EMB has proposed converting the existing three-year university curriculum into a four-year curriculum, subject to the transitional arrangements made to integrate secondary school education and tertiary education (*Ming Pao Daily*, 15 August 2003).

All these proposed reform measures have clearly shown that the higher education sector in Hong Kong has been significantly affected by strong marketization while ideas and practices of managerialism are central to the review and proposed reforms in Hong Kong higher education (Mok, 2001). Let us turn to some key reform directions of Hong Kong’s higher education as recommended by the UGC (UGC, 2002).

Positioning Hong Kong Universities as International Key Players In the overview of the *Higher Education in Hong Kong*, the UGC makes it clear that in the course of the Review that the landscape of Hong Kong’s higher education was covered. According to the UGC, “the focus [of the Review] is not just local, but also regional and international. When we look outwards, we find that some of our main strategic partners and competitors are changing even more rapidly. For higher education in Hong Kong to be internationally competitive, we will require comparable strength and flexibility in the governance and management of our higher education system and its institutions, so that the achievements in teaching and research can provide the most beneficial service to the wider community” (UGC, 2002, p. vii).

In order to make the Hong Kong higher education more competitive internationally, the UGC openly acknowledges that depending on the state/government resources alone would not be sufficient to support all eight UGC funded universities to become world-class universities. In order to boost up a few universities in Hong Kong to be competitive with the international community, the UGC believes “the higher education sector will need to diversify its income from private and public resources, and then focus its resources to attain the highest quality of teaching and research. *Because resources are always limited, it will be necessary to selectively identify outstanding performance where that occurs in institutions, teachers, learners and researchers, to ensure they receive the support to achieve international excellence in the application of their expertise*” (UGC, 2002, p. vii, italic added by the author). In light of the opening statement of the UGC Review report, it is clear that the higher education sector in Hong Kong will certainly face keener competition, especially when resource

allocation is very much driven and determined by outstanding performance. With these general directions in mind, the UGC recommends that:

- That a small number of institutions be strategically identified as the focus of public and private sector support with the explicit intention of creating institutions capable of competing at the highest international levels;
- That, as the new landscape of the post-secondary sector is defined, the UGC conduct an internal review of its procedures, and publish a clear statement of its responsibilities in the light of new challenges, emphasizing an enhanced strategic role for steering the higher education sector;
- That the governing body of each university carries out a review of the fitness for purpose of its governance and management structures. Such an exercise will necessarily include a review of the relevant Ordinances and, where appropriate, proposals for legislative changes should be made; and
- That, in consultation with the institutions, the UGC build on the success of the RAE in allocating research funds on the basis of research performance, and devise means to sharpen the RAE so that the highest levels of research excellence can be identified and funded accordingly (Quoted from UGC, 2002, pp. viii-ix).

In view of all these key higher education reform recommendations proposed by the UGC, we can argue that HEIs in Hong Kong will experience additional pressures to perform even better for securing resources from the government. It is clear that the HKSAR is keen to select a small number of institutions be strategically identified as the focus of public and private sector support with the clear intention to make the selected ones competitive institutions globally. Stressing outstanding performance and calling for role differentiation among all universities in Hong Kong, the UGC has recently conducted a role differentiation exercise to drive the universities to reflect upon their missions, visions and roles.

Role Differentiation Exercise in Universities In the past few months, the UGC has asked all UGC-funded universities to conduct a self-evaluation exercise, with particular reference to reflect upon issues related to their missions, visions and roles. The intention of the exercise is to achieve partially of the recommended goal set out by the UGC in the 2002 Review report to ensure all universities in the city-state carry out reviews of the fitness for purpose of their governance and management structures. Despite the fact that the UGC has not indicated to what extent and how the role differentiation exercise currently conducted among all universities would affect the government funding on each university, university administrators and professors generally believe the results of the exercise will have significant financial consequences. Many more believe the exercise will serve as the basis for the UGC to strategically identify a small number of institutions is allocated with

additional resources for establishing them as top universities in the international community. By inviting Sir Colin Lucas, Vice Chancellor of Oxford University in Britain, and a well-known supporter for selectivity in university funding to top universities in the United Kingdom, to chair the role differentiation committee, it is clear to the academics in Hong Kong that the UGC may certainly make use of the reports generated from the current review exercise to determine which institutions are deemed appropriate for “special treatment” to boost become world class universities.

Right after the role differentiation review, the UGC published a Roadmap Document entitled *Hong Kong Higher Education: To Make a Difference, To Move with the Times* (UGC, 2004a), envisaging the role of the university sector as “the education hub of the region”. To foster a culture of “division of labour” and to avoid an unnecessary overlapping of teaching programmes and research areas, the UGC is very keen to make universities to respond seriously to revisit their missions and roles. All UGC funded higher education institutions just went through the role differentiation exercise and specific missions and role statements were approved and announced by the UGC. Immediately after the “role differentiation” exercise, another Academic Development Review exercise was organized by the UGC, requesting all institutions to present to the UGC their academic development plans in the next 5 years. Once again, all institutions participating in the Academic Development Review should have identified key areas for future academic developments. Most important of all, the proposed activities by individual institutions should be role consistent. CityU, for instance, when preparing for the academic development plan, has to reflect deeply upon their future missions and roles. Prof. H.K. Chang, President of CityU, openly declared that:

“In regrowing, we believe we [CityU] should not try to become a so-called ‘comprehensive university’. We should, as defined in our 2003-08 strategic plan, align our activities along the axis that links professional education and applied research. In my numerous meetings with UGC in preparing for the panel visits, I have not detected any signal that UGC will declare CityU a purely teaching university. Nor do I believe the UGC will consider CityU deserving more generous support for a wide range of intense research activities. UGC, however, does have a right to ask us if we hope to become a comprehensive, research-intensive university. In both our presentations to the UGC panels, the University has made it clear that CityU does not aspire to be a comprehensive university, nor does it think it will become research-intensive in all its chosen disciplines. We want to encourage all academic staff to develop their scholarship through research and discovery but we can only afford to concentrate our research resources on some selective areas. A careful look at the degree programmes we now offer will tell any discerning observer that CityU is oriented towards professional education. At the same time, most of the research achievements and the recipients of some considerable funding in the past have been in applied research areas where

application of knowledge has the potential for practical use and/or commercialization”

(*CityU Today*, 24 November 2003).

Similarly, LU, a liberal arts college in the city-state, has made its mission and vision clear to provide students with high quality education. Aspiring to “whole-person development”, LU has stressed the importance of a student-centred approach in teaching and learning. Putting teaching and learning top of its academic development plan, the LU is deliberately to engage staff and students in developing very close relationship and the importance of university campus and hostel life has been consistently emphasized. Unlike other universities in Hong Kong, LU positions itself as the university which is aspired to become a high quality liberal-arts college in the city state. Other than CityU and LU, other UGC-funded institutions have to develop their new academic development plans to differentiate themselves from each other. At the same time, the UGC is keen to foster “internal competition” among all institutions to identify their own key centres of excellence for further developments. The Academic Development Review exercise was completed in May 2004 and the UGC has just announced the results of the review exercise by commending all institutions for moving with times and positively responding to community needs. Dr. Alice Lam, Chair of the UGC, stated openly that:

“Overall speaking, the institutions are well focused on their respective roles and have concentrated their proposed academic offerings in their respective areas of strength. They have sound plans to achieve international competitiveness in teaching and research. They have also demonstrated genuine interest in developing deeper collaboration with institutions, both locally and overseas” (www.ugc.edu.hk).

All these review exercises will have significant impact on how UGC resources be allocated in the future, with the hidden agenda to strategically identify a small number of institutions for further development into world class universities.

Governance Structure Review in Universities In realizing one of the recommendations of the UGC 2002 Review, all universities in Hong Kong have started to review their governance and management structures since 2002 to see whether their governance and management systems are appropriate and sound enough. Believing that the review will affect the future developments of their universities, many universities in Hong Kong have invited external consultants or advisors to review their governance and management structures. For instance, there were various tiers of senior administrative positions including five vice-presidents and associate vice-presidents overseeing different aspects of university governance at CityU, the university administration has decided to streamline the administrative and governance structures by cutting a few vice-president posts and introducing a Deputy President in coordinating various academic, research and administrative responsibilities of the university. With the introduction of the new governance and management structures, CityU now has a President and who is responsible for fund-raising and external relations;

while the Deputy President will be in charge of all internal academic issues, with the assistance of two Vice Presidents in overseeing undergraduate education and administration. The governance and management review exercise conducted at CityU clearly indicates how a local university in Hong Kong responds to the externally-driven review pressures.

In response to the 2002 UGC's Review report, the Council of CityU set up a special Review Committee on University Governance and Management to review its governance and management structures, particularly reflecting upon the relations between the Council and the Management. After working for a few months, the Review Committee chaired by the Hon Justice Patrick Chan submitted the report to the Council, calling for a clearer demarcation of the roles of the Council and the management at CityU. The Committee recommends the Council be held responsible for setting the mission and strategic direction of the university with the President responsible for managing the institution. In order to facilitate the links and communication between the Council and the management, the Committee also recommends establishing a few more committees at the university level, namely, Development Committee to formulate plans for the future development of the university; an Audit Committee responsible for monitoring university performance and overseeing the more conventional financial audits. In addition, a new External Relations committee will be formed to take care of all links of the university with the external community (*Press Release of CityU*, 25 November 2003).

One should note that the review experience is not unique to CityU, similar reviews have been conducted at other local universities with the intention to improve the university governance and management structures. For instance, HKU also conducted a review on its governance and management structures and the central administration of the university has already gone through significant structural changes in order to improve the governance and management of the university (see, www.hku.edu.hk). It is particularly true when the overall performance and how public money is spent in local universities are increasingly subject to the public scrutiny. Most recently, the housing allowance of the President of the Hong Kong Polytechnic University (PolyU), part of the fringe benefits that the president enjoys has been under severe criticisms in the public. The public is astonished by the auditor report that on top of the salary around HK\$ 170,000 per month, the President of the PolyU has been given an addition of housing allowance up to HK\$ 180,000. What worries the public is that the granting of such a housing allowance has not gone through proper procedures at the PolyU (*Ming Pao*, 20 November 2003). Such an issue again calls for social concern and the members of the Legislature of Hong Kong once again urge for rigorous reviews of university governance and management structures.

Regular Quality Assurance Exercise in Universities Hong Kong is the first among East Asian societies to impose quality measures to monitor the higher education sector (Mok, 2000). While recognizing that individual HEIs in Hong Kong may have different roles, missions, and characteristics

and that they offer a great variety of programs and various styles of teaching, the UGC believes that there is a strong need to promote and assure higher quality education, especially in the era of rapid expansion of higher education. Three major quality assurance activities, namely, Research Assessment Exercises (RAEs), Teaching and Learning Quality Process Reviews (TLQPR), and Management Reviews (MRs) and three Research Assessment Exercises (RAEs) were conducted in 1994, 1996 and 1999 to assure research quality. One Teaching and Learning Quality Process Review was conducted in 1997 to evaluate if HEIs had properly institutionalized self-monitoring and self-evaluation. Management Reviews (MRs) have been conducted to examine the roles, missions, academic objectives, resource allocation, planning, and financial process mechanisms of individual HEIs (French, 1999; Mok, 2000).

RAEs have significant impact on funding since resource allocation is linked with research performance in individual HEIs. In these exercises, faculty members who have research outputs identified as above the threshold set by the UGC are considered “active researchers”. The more active researchers a “cost centre” has, the more funding will be allocated to the “cost centre”. Such exercises inevitably bring adverse consequences to the HEIs, with research becoming dominant in university life but less recognition being given to teaching activities. A “publish or perish” syndrome has evolved in the higher education sector and is effectively reflected through appointment, substantiation and promotion of academics (Mok, 2001). In addition to RAEs, the UGC also initiated TLQPR to examine whether all UGC funded HEIs have institutionalized mechanisms and systems that can assure quality teaching and learning. Five aspects of each institution’s teaching and learning, namely curriculum design; pedagogical design, implementation quality, outcome assessment and resource provision are assessed in the reviews (UGC, 1999a & b; Mok & Lee, 2000). Although the original purpose of the review was to emphasize teaching, nonetheless the top management in local HEIs perceived the review as another set of parameters for resource allocation. In this regard, the HEIs in the territory have established their own “Internal Audits” before the UGCs reviews in order to ensure that mechanisms are already in place for promoting teaching excellence. For example, both the HKU and the CityU have already established “Internal Audit Units” to promote teaching and learning. Such a practice has been identified by the UGC as “good practice” (UGC Secretariat, 1999a & b).

The second round of the *Teaching and Learning Process Quality Review (TLQPR)* was completed in April 2003. In this round, all universities under UGC funding scheme have to go through a very rigorous teaching and learning related review. The UGC set up a special panel, comprising both local and overseas experts, conducted visits to all UGC-funded institutions. As the first round of TLQPR in 1997 had chosen a focus on reviewing whether institutions had developed teaching and learning quality assurance systems in place to promote quality education, the second round of the review in 2002-2003 is to identify good practices adopted by all institutions to see whether they have moved beyond a teaching-oriented approach to a learner-oriented approach in teaching and learning activities. As all the UGC-funded institutions have just gone through the “teaching and learning audits”, some of

the institutions have already received reports from the panel. In general, the review panel is impressed by all institutions, particularly when the panel found all these institutions have already institutionalized. Nonetheless, the current round of teaching and learning review is to identify to what extent that a quality learning culture has evolved and whether a quality learning culture has emerged in the university sector.

After the reviews, HKU, CUHK, HKBU and HKIED have received the formal reports published by the UGC panel. In the reports, good practices and weaknesses have been identified. All institutions under review have to respond to the comments/criticisms and recommendations proposed by the panel. CUHK, for instance, scored a fairly low review response by the UGC panel because of lacking a genuine learning culture being developed in the university. Prof. Ambrose King, Vice-Chancellor of CUHK, made strong statements in the public in response to the review report by defending the long history and tradition of high quality teaching and learning at CUHK. He also pointed the public to another review conducted by the UGC by interviewing employers in Hong Kong to assess performance of university graduates in the city-state. Prof. King argued strongly that the CUHK graduates have received very high regards from the employers being interviewed in the survey mentioned above (*Ming Pao*, September 2003, various issues). Knowing that the review results would affect future resource allocation for the university, all presidents and vice-chancellors in Hong Kong higher education are very much concerned with the possible consequences and potential implications.

For another instance, CityU has been subtly criticized by the UGC in the past few years for drifting the missions from teaching to research. Of course, Prof. H.K. Chang, President of CityU, and the senior administrators of the university have long been debating with the UGC about the potential research capacities of CityU in selected fields of research. Upon the completion of the current round of teaching and learning audit, the UGC panel had a very high opinion of the university. After the visit to CityU, the panel was convinced that CityU has moved well beyond observing and developing only quality assurance systems to consistently cultivating and developing a student-oriented learning culture at the university. Having received such initial feedback from the visiting panel, Prof. H.K. Chang, told his colleagues that he had been debating with the UGC for years since he took up the presidency in 1996. Only one occasion that he agreed to the UGC views entirely is the review report of the second round of TLQPRs conducted recently at CityU (Internal staff meeting, October 2003). The president remarks and responses have clearly shown how important the panel / review reports and findings to university development in Hong Kong.

On top of the teaching and learning quality assurance reviews, all UGC funded institutions in Hong Kong have to go through **Research Assessment Exercise (RAE)**. Since the early 1990s, Hong Kong higher education sector began to experience the pressures for research and publication. Our discussions above have indicated how research assessment exercises conducted in 1993 and 1996 had affected university governance and management in general and university life style of academics in particular. In order to allow more time for institutions to develop quality culture in research and

development, the next RAE will be conducted in 2005, it is anticipated that the review results will certainly affect resource allocation. As the funding methodology is guided by three major parts, about 65 per cent of resources will be linked to student number, 25 per cent will be determined by research performance and 10 per cent will be guided by how successful individual institutions deliver their services in fulfilling their missions, visions and roles.

Moreover, research outputs and performance in competitive grants application would certainly affect university governance and management. In these days, research outputs are counted with particular weight being attached to internationally refereed articles and publications. Books and chapters will be recognized if they could be published by international publishers. Most important of all, when evaluating research performance of individual staff, SCI and SSCI, one of the international research output benchmarks is adopted in comparing to what extent that academics in local universities can publish in the top tier international journals; while university authorities are becoming increasingly concerned with their international reputation (Mok, 2001).

Universities in Hong Kong have competed not only with overseas universities, they also try to show how best they are in various university ranking exercises or university league tables. For instance, both Business Schools at the CUHK and HKUST have disputed over the issue when one of the league tables regarding top Asian business schools was published by *Financial Times*. Similarly, one of the league tables comprised by the Higher Education Research Institute of Jiao Tong University in Mainland China, spent two years in comparing top universities in greater China, including Hong Kong, Taiwan and Mainland China. The top ten universities in greater China area have been frequently cited by local universities in Hong Kong to show how they stand in the area. CityU, for instance, with a relatively short history of becoming a university since 1995, was ranked top 7 in the league table; while HKUST was ranked even higher in the list. Both universities have frequently cited the report to show their academic achievements (*CityU Today*, July 2003). All these observations, when putting together, we can appreciate how competitive of research and development in the Hong Kong higher education sector. More important, all these reviews have clearly shown that quality assurance systems and mechanisms in higher education are becoming very sophisticated in the city-state. Meanwhile, all academics realize such review exercises will have not only potential implications but also financial consequences if their performance is weighted poorly in any one of such exercises.

Proposed Measures to University Merging and Deep Collaboration In October 2002, Prof. Arthur Li, the ex-Vice Chancellor of CUHK and then Secretary of Manpower and Education Bureau of the HKSAR Government told the media in Hong Kong that the government had an intention to merge the CUHK and HKUST in order to fulfill the policy objective to strategically identify a small number of institutions as the focus of public and private sector support with the explicit intention of creating institutions capable of competing at the highest international levels. The proposed merger provoked heated debate in the society and in the academic community. According to Li, the merger

would facilitate competition with renowned international universities. It was an appropriate means to efficiently use public expenditure in managing public universities (*Ming Pao*, 5 October 2002; Mok, 2002). Believing the proposed merging of CUHK and HKUST will strengthen the overall university sector in Hong Kong, Arthur Li has kept on stressing the importance to select a few to make them more competitive in the international community. When the merging idea was reported, Arthur Li was severely criticized by the university community. Both student unions of CUHK and HKUST mobilized their fellow classmates to collect signatories and organize forums inviting their presidents or vice-chancellors to explain to them their intentions. The university community was divided on whether they had to merge with each other, worries and concerns had been raised during the debates and discussions about university mergers in the city state (*Ming Pao*, various issues in October 2002). After debating for about a year, the Council of the HKUST originally objected to the proposed idea but its position has changed in recent weeks particularly when it was hinted that an addition of 10 billions resources will be given to the universities under the merging plan. Despite the fact that there has not any university in Hong Kong has merged with the others, the proposed merging strategy has already shown that one way to improve the overall competitiveness of the university sector in Hong Kong is by introducing such administrative measures to pull common resources together to boost one or two universities to become competitive in the global market place (Informal talk to HKUST staff). The merger idea reflects how the university sector in Hong Kong has been increasingly affected by “competitiveness” and “efficiency”, the notions of which are central to managerialism and economic rationalism.

Positioning Hong Kong as the hub of higher education in the region, together with the strong motivation to strengthen the academic collaboration with mainland higher education institutions, the UGC openly declares the importance of taking up the challenge of the mutually beneficial relationship between Hong Kong and the Pearl River Delta and Mainland China. In response to the Chief Executive Policy Address in 2004 and to the Closer Economic Partnership Arrangement (CEPA) recently signed, the UGC therefore urges all higher education institutions to explore deep collaboration with local and overseas institutions (UGC, 2004a).

To foster a culture of collaboration, the UGC published another report entitled *Hong Kong Higher Education: Integration Matters*, highlighting the different governance regime of higher education that Hong Kong is now facing. Well recognized of the importance to make Hong Kong’s higher education globally competitive, the UGC reviews different models which foster collaboration among universities and proposes to implement the “Deep Collaboration Model” in establishing strategic alliances and deep collaboration among local universities and with overseas institutions and the wider community. By introducing the “Deep Collaboration Model”, the UGC hopes to achieve:

- Enhancing the breadth and depth of teaching quality in the academic disciplines to enable a richer and more diverse subject menu to be offered to students;
- Developing the critical mass required to create centres of research capable of competing at

the internationally competitive level; and

- Creating substantial efficiencies, particularly in the non academic areas, and hence extra capacity for other pursuits appropriate to roles (UGC, 2004b, p. 4)

After the ides of “deep collaboration” was published, local universities in Hong Kong have begun to explore collaboration opportunities with local and overseas academic institutions. For instance, the University of Hong Kong, the Chinese University of Hong Kong and the Baptist University of Hong Kong have agreed to have deep collaboration in the area of Chinese medicine. Similarly, the presidents of the Hong Kong Polytechnic University and CityU have agreed to explore offering joint-degree programmes and search for further collaborations in teaching and research activities. Most recently, CityU and PolyU have made it public that they have set up four working committees to review and identify areas for “deep collaboration”. When receiving interviews by the mass media, both the Presidents of CityU and PolyU have not ruled out the possibility in merging two universities if the merger could really enhance further development of the universities (*Ming Pao*, 14 April, 2004). In addition, the Hong Kong Institute of Education (HKIED) has started offering joint-degree programmes with Hong Kong University of Science and Technology; while the Department of English and Communication at CityU has also been approached by the HKIED to launch joint-degree programme in English language training for school teachers.

In mid of March, the UGC sent letters to all presidents/vice chancellors to inform them some HK\$ 203 million has been set aside by the UGC as “Restructuring and Collaboration Fund” for 2004/2005 to encourage institutions to engage in deeper collaboration. The newly set up fund is for better focusing of resources in accordance with institutions’ defined roles or in response to the changes brought about by the *Higher Education Review* and the Roadmap Document *To Make a Difference, To Move with the Times*. In addition, the fund aims to build strong purposeful and cost effective collaboration locally and internationally for delivery of UGC-funded programmes or administrative arrangements in accordance with the Roadmap Document and Integration Matters Report (UGC letter, 17 March 2004).

The call for “deep collaboration” among local and overseas institutions has obviously affected the way higher education institutions behave in Hong Kong. CityU, for instance, has seriously responded to the call by inviting all academic units to start exploring collaboration with both local and international academic institutions. In January 2004, CityU established a new unit External Liaison and Cooperation Office to replace the former Academic Exchange Office to strengthen its links and collaboration with overseas institutions. Bearing the vision to extend CityU’s links to China mainland and other international institutions, the President of CityU takes up the major responsibilities in cultivating international cooperation. The recent initiative of CityU in restructuring its external relations office has indicated the strategic position of international collaboration in Hong Kong’s higher education sector. Prof H K Chang, President of CityU made it public to the audience of an international symposium on *China & Southeast Asia* held in March 2004 that he would go to Shanghai

to explore collaboration opportunities with Shanghai Jiaotong University. Similarly, Department of Public and Social Administration at CityU has started liaising with Zhongshan University in Guangzhou to explore collaboration in launching a Master Programme in Public Administration.

All in all, the reform strategies outlined earlier have indicated that the UGC is keen to adopt the principle of “selectivity” in funding/rewarding local higher education institutions with outstanding performance in terms of research, teaching and management. Measures fostering “internal competition” are also introduced to the university sector in Hong Kong and performance-linked funding methodology has been reemphasized to create additional incentives for universities to identify and develop areas of excellence (UGC, 2002). Core to the major recommendations of the *Higher Education Review* is the use of market principles and market strategies to run higher education by encouraging universities to become entrepreneurial universities and establishing and strengthening their relationships with other non-state actors, particularly working closely with the business and industrial sectors. Notions of “public-private partnership”, “academic capitalism”, “entrepreneurial universities” are becoming more common in the Hong Kong higher education sector (Mok, 2003a).

Policy Context of Higher Education Reforms in Singapore

As in the case of Hong Kong, higher education policy and development has been affected by the socio-economic changes generated from the external and internal environments. Being a small city-state and an open economy, Singapore has never isolated itself from changes resulting from globalization challenges. The ruling People’s Action Party (PAP) has consistently made the whole society well aware of potential challenges and threats in both the regional and global contexts (Quah, 1999).

In order to compete with global advanced economies such as Japan, the United Kingdom and the United States, the Prime Minister Goh Chok Tong announced *Thinking Schools, Learning Nation*, a blueprint for reforming the education system in Singapore in June 1997. The concept of “thinking schools” entails education institutions developing future citizens capable of engaging in critical and creative thinking. The concept of “learning nation” emphasizes that education is a continuum starting with the early childhood years and continuing throughout one’s life. Education reforms require a mindset change among Singaporeans to bring about a spirit of innovation, learning by doing and self-improvement in order to achieve the ambition of national excellence (Goh, 1997). Realizing that future economic competitiveness depends very much upon creativity and innovation, the Singapore government is attempting to change people’s mindsets through the reform of its education system. Therefore, various government initiatives have been developed to promote independent thinking skills and creative expression in recent years (FitzPatrick, 2003).

In 1999, the Singapore government published a report entitled *Singapore 21: Together, We Make the Difference*, highlighting how the island-state might cope with the emergence of the knowledge economy in the twenty-first century. In the borderless knowledge economy, knowledge and

information are fast changing. A lot more brain than brawn is required for work and lifelong learning is essential for human resources (Singapore Government, 1999, pp. 9-10). The Singapore government has identified globalization and information technology revolution as the two driving forces behind the changes in the new century. Besides the increased flows of trade and investment, globalization is also about the flows of people, ideas and knowledge. Globalization is not a choice but a necessity. It means new markets, increased investments and opportunities. Education plays an important role in preparing citizens to manage the impact of globalization. At the same time, the government envisages the need to prepare workers and the next generation for lifelong learning and employability (Goh, 1999). On the other hand, the forces of globalization challenge the powers of government as civic groups and non-governmental organizations will want to play a bigger role in governance. With the advent of the knowledge economy, skills, creativity and entrepreneurship will command a premium. Education has to be relevant to the needs of society by bestowing the younger generation with their culture and heritage in addition to their capacity to understand the complexities and the potential of globalization in order to compete and live in the global village (Goh, 2000).

Apart from the globalization impacts and the potential pressures generated from the regional environment, Singapore's higher education developments have been affected by the wider public sector management reforms taking place in the city-state. The PS21 Project, a reform package aimed at reinventing the public administration of Singapore, has been started by the government to pursue total organizational excellence in public service, to foster a culture of innovation and enterprise, and to cultivate a spirit of openness, responsiveness and involvement (PS21 Office, 2001). The most current theme of this project is to cultivate a culture of entrepreneurialism among civil servants by making them aware of the importance of creativity and innovation (PS21 Office, 2001). In addition, higher education development in Singapore is increasingly shaped by the Quality Movement in the city-state. SPRING Singapore, an institution responsible for promoting high quality services in Singapore, has been adopting market principles and practices to assure a high quality of services offered by both the private and public sectors. Organizations which can reach a certain quality benchmark will have their achievements recognized and certified by SPRING Singapore in the form of Singapore Quality Class awards (Mok, 2003b). Hence, the latest higher education reforms and governance changes should be connected to the wider public sector reform and Quality Movement taking place in Singapore.

Recent Higher Education Reforms in Singapore

Seeing the quality of its population as fundamental to further success of the city-state, the Singapore government has been aware of the importance of quality higher education. Since the late 1980s, the government has started various comprehensive reviews of its higher education system and different reform strategies have been adopted to strengthen and make higher education competitive in the regional and global contexts. The Singapore government believes universities have a strategic role in the dissemination, creation and application of knowledge. With the ultimate aim of making the two

existing public universities, the National University of Singapore (NUS) and the Nanyang Technological University (NTU), world-class higher education institutions and expand tertiary education opportunities for its citizens, there are two main policies for the future development of higher education in Singapore. One is to expand postgraduate education and research at the universities. Another is to review undergraduate curricula to place more emphasis on cultivating students with creativity and thinking skills. The ultimate goal of reforming university education is to transform Singapore into a hub of education, learning and information in the Asia-Pacific region (*The Straits Times*, 25 January 1997). Apart from the restructuring of curricula, more emphasis has been placed on quality assurance and enhancement.

There have been three major stages of higher education reforms in recent years. The first stage was started by setting up an International Academic Advisory Panel (IAAP), comprising prominent scholars from international higher education institutions or community leaders from big corporations, to help the universities develop into world-class institutions in terms of teaching and research (Ministry of Education, 2001a). Taking the recommendations made by the IAAP seriously, the government started to review its university admissions system by adopting a more flexible admissions policy (Ministry of Education, 1999). Moving beyond recruiting students almost based solely upon their academic scores, both the public universities announced in 1999 that they would henceforth pay attention to students' non academic performance and recognize their achievements in co-curricular activities and school-based project work.

In order to prepare and equip students for globalization challenges, the Singapore government has reviewed the curriculum design of university education and emphasis is now placed on a broad-based cross-disciplinary university education (*The Straits Times*, 13 August 1999). More innovative ways of teaching and assessment have been introduced with a focus on creative and critical thinking. Meanwhile, the role of universities in knowledge creation has been strengthened through postgraduate and research education in the universities. Universities constitute a significant resource of new ideas and inventions with the potential for commercial applications by enhancing their research capabilities and engaging in more multi-disciplinary research initiatives (Lee & Gopinathan, 2001).

The second stage of higher education reforms saw the establishment of Singapore's third university in August 2000. The privately-owned Singapore Management University (SMU) was formed in collaboration with the Wharton School of Business at the University of Pennsylvania. The foundation of the SMU was a landmark in Singapore's higher education history. By introducing a different governance and funding style, the government intends to make its higher education sector more vibrant and dynamic. It also intends to inject a certain degree of "internal competition" to the university sector despite the fact that these three universities have been tasked to develop their own unique characteristics and niches (Lee & Gopinathan, 2001).

The third stage of higher education reforms is closely related to the review of university governance and funding. With a very clear vision to make its higher education system comparable to

top international universities, the government commissioned a committee to review the governance and funding systems of the two public universities (*The Straits Times*, 4 April 1999). The purpose of such a review was to ensure systems and structures in relation to talent management, organizational processes and resource allocation within the universities were properly linked up to their mission and objectives of development in the long run. Overseas study trips to Hong Kong, Canada, the United Kingdom and the United States were conducted in September 1999 to identify good practices in overseas universities (Ministry of Education, 2000a).

The review committee released its recommendations on public university governance and funding in July 2000. In exchange for greater autonomy, the NUS and the NTU were urged to be more responsive in making timely decisions and adjustments in order to achieve excellence. At the same time, the universities had to put in place systems and structures of talent management, organizational processes and resource allocation to achieve highest value for money and rates of return from public investment in university education. In short, given further operational autonomy, the universities had to adhere to the principle of greater accountability to ensure an efficient and effective way of spending public funds. Three broad areas of governance principles and structures, funding policies and mechanisms, and staff management and remuneration were covered in the review. In order to foster an entrepreneurial climate and to leave more room for the institutions to manage their funds, the universities were urged to recruit and reward their staff according to their performance in terms of productivity and quality (Ministry of Education, 2000b). In 2003 the Trade and Industry Ministry announced it would consider allowing a fourth university to be set up as a branch campus of a foreign university.

Changing Governance in Singapore Higher Education

From “State Control Model” to “Decentralized” Model Before the 1990s, the Singapore Government adopted a “state control model” in regulating the higher education sector, resulting in a “centralized governance model” and “interventionist regulatory” framework in higher education governance. By directly appointing Vice-Chancellors to the universities, the government could easily monitor and direct the developments of higher education (Lee & Tan, 1995, p. 135). The first time was in 1968 when Toh Chin Chye, who had been Minister for Science and Technology, was appointed Vice-Chancellor of the University of Singapore. According to Gopinathan (1989), Toh’s appointment marked the transformation of a university modeled along classical principles of university autonomy and academic freedom into one which government influence and control had become the norm (p. 217). Once again, in 1980 when the NUS was established as a result of a merger between the University of Singapore and Nanyang University, the then Prime Minister Lee Kuan Yew appointed Tony Tan, who was then Minister for Education, as the first Vice-Chancellor of the NUS in the 1980/81 academic year (Lee & Tan, 1995, pp. 187-188). The erosion of autonomy inside the

university became even more obvious when the government did not allow the formation of a trade union of academics in the NUS (Gopinathan, 1989, pp. 220-221).

The NUS was under the clear influence of the political establishment and was even an agent of government policy. No academic program existed without a sense of serving the nation-state's aims of development. In addition, academic freedom as a basic feature of a Western-style university in which the role of the academic as independent critic has diminished considerably in recent years (Gopinathan, 1989, pp. 222-223). In short, universities were under strict control of the government when the interventionist regulatory framework was in place.

The governance style has begun to change especially as the government has realized that its model is increasingly inappropriate in the globalization context. Therefore, a process of decentralization started in the mid-1990s to allow universities to have more flexibility to run and decide their businesses (Lee and Gopinathan, 2001; Mok, 2003b). In 2000 a government committee recommended granting the public universities more operational autonomy regarding governance, finance and personnel matters. This seems to be a departure from the direct control model imposed by the state over the administration of universities. The government intends to adopt a 'deregulated model' to govern the running of the public universities. The devolution of managerial powers from the state level to the institutional level is meant to enable the universities to better cope with market demands and also to compete in emerging higher education markets. It accompanies a shift in government forms of regulation to achieve a higher level of accountability with the use of information provision, capacity building and performance funding (Dill, 2001, pp. 29-33).

Introducing Competition to Higher Education The Singapore government is determined to introduce more competition among the universities for research grants and funds as part of its adoption of performance funding in the context of public accountability. Instead of imposing "micro control", the government has shifted to a "state supervisory model" in governing universities. The universities have been engaging in quality assurance and management systems in order to ensure that quantitative expansion is not at the expense of quality enhancement. Quality enhancement in higher education has been operationalized and reinforced with four main measures, namely, a stringent tenure policy; rewards for good teaching and research performance; favourable staff-student ratios accompanied by well-equipped teaching and research activities; and the provision of staff training to upgrade skills and performance (Selvaratnam, 1994, p. 5).

In the late 1990s, both the NUS and the NTU outlined their approaches and methods to improve the quality of education and institutional management. In the case of the NUS, a more comprehensive quality assurance and management system was put in place to enhance the institution as a centre for quality education. The university recognized the need to identify and nurture future academic leaders who are strategic in thinking and effective in policy implementation and also champions of the academic ethos. While the quality of teaching, research and other services will be monitored closely

and periodically, the staff appraisal and development system will also be reviewed regularly to ensure that it can motivate staff and reward them in accordance with individual performance. In relation to the notion of management of change, decision-making processes in the university have been modified to improve productivity through decentralization, better utilization of information technology, and a well-managed system of empowerment and accountability in response to the new “block grant” system, which induces greater autonomy in fund management (M. Lee, 2003; Mok, 2000; NUS, 1998).

The NTU aims to re-engineer itself as an educational enterprise by instilling a corporate culture of excellence, nurturing capable and committed leaders in academia and administration and inculcating a consultative and responsive management style with an emphasis on decentralized decision-making and autonomous fund management. Apart from the quality of teaching and research, the notion of quality is extended towards both personnel and institutional management. Besides evaluating the quality of teaching and research regularly, the university has promised to institute an innovative and systemic management and more open appraisal systems in order to motivate staff with the use of commensurable rewards. In addition, it has recognized the need to groom able and committed leaders to ensure the continuity and quality of institutional management (M. Lee, 2003; NTU, 1998).

Governance Change in Higher Education In terms of governance, the Ministry of Education continues to set key policy parameters on higher education but the universities have to operate within a systematic accountability framework on the basis of greater operational autonomy. Such a systematic accountability framework focuses on the universities’ achievement of outcomes and processes leading to the outcomes. Even though the universities run their own internal quality reviews, the Ministry of Education will commission an external review once every three years to validate these reviews. In terms of funding, the universities have to diversify their sources of funding by developing their links with alumni, industry and local community. The universities are now given a lump-sum grant every three years instead of once a year. Moreover, the institutions can retain surpluses to top up any shortfall in their own funds, provided that appropriate internal resource allocation systems are put in place to support and motivate faculties, departments and individual academics to prioritize activities and achieve outcomes. The allocation of research funding will increasingly be subject to competition across the universities. In terms of staff management and remuneration, a new remuneration system was introduced in 2000. Such a system consists of a basic component and other variable components reflecting differences in performance, responsibilities and market relativities. Automatic, time-based increments will be abolished and staff will be paid and given increments based on performance. Based on the merit of each individual, the basic pay of assistant professors has been increased by up to 20 per cent in order to retain talent in local universities. In addition, the development of more rigorous appraisal systems is necessary for the universities to set out their criteria for assessing the performance of their staff members. Decisions on rewards, annual merit increments, promotions and the granting

of tenure are based on the information derived from staff performance appraisal mechanisms (Lee & Gopinathan, 2001, pp. 83-84; Ministry of Education, 2000b; *The Straits Times*, 5 July 2000).

Discussion

Corporatization of Higher Education in Hong Kong Linking performance of academics with reappointment, substantiation and promotion has been institutionalized as appraisal systems in the higher education sector in Hong Kong and Singapore. Stringent academic reviews are becoming common practices among all higher education institutions in these Tiger economies. Nowadays, all university academics have to “justify their existence” by keeping up their research profile and teaching performance. Hence, it is clear that the university sector in Hong Kong has been shaped and managed in line with managerialism and economic rationalism (Mok & Lee, 2002).

Putting the above review exercises in perspective, we can easily observe that three major aspects of “effectiveness”, “efficiency” and “economy” have been adopted as the primary criteria for assessment. Higher education institutions in Hong Kong have become increasingly conscious about the importance of cost recovery and value for money. One of the most noticeable results of this review is that some under-performing research centres have been downgraded or even closed down (UGC Secretariat, 1999a & b). Undoubtedly, such quality assurance exercises have successfully introduced “internal competition” to the higher education sector (Mok, 2000). Institutions in Hong Kong, under such a regulatory framework, have become more cost-conscious, striving to become efficient in the use of resources, effective in delivering teaching and learning, doing more research with fewer resources, and establishing self-monitoring units. Having this regulatory framework in place, the HKSAR Government can therefore adopt the “supervisory governance model” to monitor the HEIs instead of directly intervening in every aspect of higher education governance. It is clear that the higher education governance model of the HKSAR Government has changed to a “corporate governance model” whereby the government/state has become the educational service coordinator and facilitator instead of monopolizing the service provider role. It is clear that Hong Kong higher education is now experiencing a corporatization process (Mok, 2001).

Marketization of Higher Education in Singapore The changes taking place in higher education provision, financing and regulation are in line with wider marketization, decentralization and corporatization ideas and practices. It is clear that higher education in Singapore has been experiencing the process of marketization. It is particularly important to note that the Singapore Government has long been market-conscious. From a historical perspective, the process of marketization has started since the independence of Singapore. As Singapore has been a trading port since World War II, its government has been very aware of the importance of making the city-state more competitive in both the regional and global marketplaces. Wang Gungwu, Director of the East Asian Institute at the NUS, has suggested that Singapore is a “market” in itself and that the

government runs the country as a huge enterprise (Interview with Wang Gungwu, 8 March 2001). The Singapore government is always keen to manipulate market forces to stimulate competition between local and foreign world-class universities. One point which deserves particular attention here is that the marketization of higher education is not merely caused by the problem of financial stringency but rather, is driven by the intention to improve managerial efficiency and cost-effectiveness in the universities and thus prevent any wastage and shortage of resources in the university sector. The government continues to perform an active role and exerts its influence on public policy through regulation and funding (Low, 1998, p. 280).

Accountability in Exchange for Autonomy Our above discussion has clearly indicated that on the one hand, higher education institutions are given more flexibility and autonomy in running their business. On the other hand, they have to go through various kinds of quality assurance exercises because of the importance attached to efficiency, effectiveness and economy. It is particularly true when modern universities are governed and managed in lines with the ideas and practices of managerialism and economic rationalism. Despite the fact that policy of decentralization and diversification has been endorsed and adopted in higher education in these two Tiger societies, we can also find another trend of centralization and re-regulation has evolved to monitor and assure education quality and management efficiency in the higher education sector. “Centralization decentralization” is becoming increasingly common in higher education governance, especially when the governance model of modern universities is oriented towards new management strategy. Contemporary universities, nowadays, are on the one hand given more “autonomy”, but on the other hand under stringent regulation in the name of quality assurance and accountability (Braun & Merrien, 1999; Neave, 1995).

Therefore, operational decentralization is combined with the decentralization of strategic command in university governance, whereby the academic autonomy is a regulated one (Hoggett, 1999; Mok & Lee, 2000). Hence, we may find the coexistence trends that are centralizing, decentralizing and recentralizing in governance of education in the same countries these processes are fluid and change over time (Bray, 1999). Therefore, to achieve a better understanding of the models of governing education adopted by any societies, they must be analyzed in the context of political ideologies, historical legacies, and other factors such as linguistic plurality, geographic size, and ease of communications (Bray, 1999). Analyzing the recent governance change in higher education of these two Tiger societies, we may well argue that “centralized decentralization” has taken place and the higher education institutions of these Asian societies should have confronted with the dilemma between “autonomy” and “accountability”. The more flexibility and autonomy that institutions obtain and enjoy, the more review and quality assurance exercises are implemented to assure high quality and to uphold the notion of “accountability”.

Similar to what Welch argues in the same volume that when reforming university evaluation in an era of performativity, universities in Australia are increasingly subjected to performance measurement and public scrutiny, thus transforming accountability into a form of accountancy (2003). The growing popularity of “accountancy culture” in the university sector may bring about the costs of compliance by universities (Welch, 2003) with forms of surveillance fostered by what Barnett (1990) has been termed the ‘intrusive state’. Seen in this light, institutions in these Tiger economies are not entirely free from state control and they have to ride over the competing demands of “autonomy” and “accountability”. Therefore, empowerment and autonomization of higher education should not simply be interpreted as a genuine decentralization of power, resulting in more autonomy in university governance. Instead, the coexistence of decentralization and centralization trends have only allowed “selective deregulation” as Torres (2004) has rightly argued and, hence, “centralized decentralization” can easily be found in university governance.

Conclusion

This paper has discussed both the theoretical and contextual backgrounds for higher education reforms and policy change in Hong Kong and Singapore. In our above discussion, we have reviewed the major higher education reforms in these two Tiger economies, with particular reference to examine how higher education institutions have changes the ways that they are governed and managed. Academics working in Hong Kong and Singapore nowadays are confronted with increasing pressures from the government to engage in international research, commanding a high quality of teaching and teaching and contributing to professional and community services. As Singapore universities have tried to benchmark with top universities in the world; while Hong Kong universities are struggling very hard to compete for limited resources. “Doing more with less” and “doing things smarter” are becoming fashionable guiding principles in university management and governance. Internal competition in the university sector is inevitably becoming keener and intensified.

Allowing more flexibility and autonomy for academics, seen in this light, should not be understood as simply a decentralization process but, at the same time, another process of centralization and re-regulation takes place to assert quality control and to uphold the notion of accountability. After a close scrutiny of changes in governance and management structures and the way quality assurance movement which has affected higher education governance in Hong Kong and Singapore, we conclude that modern universities or higher education institutions in these two Asian cities have to ride over the competing demands of “autonomy” and “accountability”. Centralized decentralization is becoming an increasingly popular policy trend in shaping higher education governance of Hong Kong and Singapore.

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Presentation 3

**Organization and Governance Reform for Strengthening
University Autonomy and Accountability in Vietnam**

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Organization and Governance Reform for Strengthening University Autonomy and Accountability in Vietnam

Pham Thanh Nghi*

Introduction

Higher education in Vietnam has existed for more than nine centuries, if we accept the establishment of the Temple of Literature in Hanoi in 1070 as the date of its formal inauguration. The provision of higher learning through the classical education at the Temple of Literature during feudal times was understandably elite in nature and aimed at providing, in the first instance, functionaries for the administrative requirements of the imperial court (Dang Ba Lam et al., 1995, p. 135). In this period, the ancient Chinese model of education was imposed on Vietnam. Centuries later within the period of French colonialism, the University of Indochina was formally created in 1939. Its primary function was to train personnel for service in the colonial administration. Higher education at the time was organized according to the French model. In the period of the country division according to the Geneva Agreement, higher education was functioning differently in the North and in the South. The system of higher education in the North was organized according to the Soviet Union model where higher education institutions had a minimum level of autonomy. The system of higher education in the South was organized under the American model, where higher education institutions enjoyed a certain level of autonomy. Since 1975, when the two parts of Vietnam were unified to become the Socialist Republic of Vietnam, the higher education system has been reorganized according to the model of Soviet Union. Only since 1987, when the economic sector moved from central planning to market mechanisms, higher education institutions in Vietnam have been released gradually from the tight control of the Government and higher education mission was redefined to serve a newly emerging market economy with relevant quality, efficiency and effectiveness.

In the first years of reform, the concepts of autonomy and accountability were not understood widely among researchers and administrators of higher education in Vietnam; initiatives to move the system of higher education from highly centralized control to relative deregulation were mainly taken from international experiences. Reform has not been implemented without obstacles and complications, but a general in the past ten years has been towards increasing the overall institutional autonomy and accountability. This paper attempts to give initial analysis of the current relationship between the government and universities, and reforms in academic, organizational and financial affairs through providing evidence of change at the level of the system and the level of the institution.

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Status of Higher Education before the Reform and Overall Policy for Change

For historical reasons, before 1987 the system of higher education in Vietnam followed the model of Soviet Union. There were only a few multi-disciplinary universities, as an exception, and the dominant pattern was mono-disciplinary institutions. Multi-disciplinary institutions of basic sciences provided degree programs in natural, social sciences and humanities with one or two universities also offering programs in law (University of Hanoi, University of Ho Chi Minh City), medicine or agriculture (Can Tho University). A few multi-disciplinary institutions of technology offered degree programs in different areas of engineering. Specialized institutions, most of them mono-disciplinary, provided degree programs in engineering, agriculture, forestry, fishery, economics, medicine, pharmacy, sports, culture and arts. There were also national colleges of teacher training providing four-year degree programs and provincial colleges of teacher training providing three-year or two-year diplomas. Three-year programs in different areas of engineering, economics, culture, etc. were also provided at specialized colleges.

All universities and colleges were owned and controlled by the State, which designated responsibility for managing different types of higher education institutions to different governmental agencies. Multi-disciplinary universities and colleges were governed directly by the Ministry of Education and Training which was also responsible for the overall guidance of the higher education system through formulating policies, decrees and plans of the State. Specialized universities and colleges were governed by the line ministries of central government, such as the Ministry of Construction, Ministry of Public Health, Ministry of Trade, etc. Each of these ministries had a department of education in charge of governing its own education institutions serving its own sector. Finally, local colleges were governed by provincial education agencies or directly by provincial people committees. At that time there were no universities supervised by local governments.

The major concerns expressed by university rectors and college principals in twenty-eight institutions visited by the World Bank Higher Education Project Identification Mission in May 1992 were recorded as follows:

- Network disintegration;
- Low capability of staff, both academic and administrative;
- Backwardness of curricula, particularly in social sciences;
- Shortage and backwardness of equipment and learning resources; and
- Shortage of books and other library resources (Sloper & Le Thac Can, 1995).

After resource deprivation, the large number and small size of institutions and the lack of integration at the system level was considered as the most critical issue facing higher education at the time. Moreover, the question of increasing staff capability, improvement of curricula, equipment and learning facilities of higher education within the limitation of financial resources is related to effectiveness and efficiency of the system of higher education as a whole. Thus, renovation of

organization and governance of the system was agreeably put on the agenda of reform in the very first days. It was argued that the overall policy determining the whole process of reform in Vietnamese higher education during the past ten years was to move the system from serving a centrally planning economy to serving a multi-sectoral, market-oriented economy. This guideline was identified at the Nha Trang Meeting of University Presidents and Colleges Principals in 1987. The Meeting acknowledged that

Higher education training programs should be aimed at serving not only the state and the collective economic sectors, but also all other economic sectors; that the budget for higher education activities should be based not only on the allocation of finance by the state but also on the mobilization of other resources, including payment of tuition fees; that the scope of higher education and training should develop on the basis of diversity in training forms; and that at the same time, the development of formal training should follow a more rational and systematic pattern which would ensure quality in higher education and also satisfy new and emerging requirements of society and economy (Tran Chi Dao et al., 1995).

The reform started first at the change in the higher education structure.

Restructuring the System of Higher Education towards Diversification

Responding to the critical issues mentioned in the previous section, the process of restructuring the system of higher education began in the early 1990s and has continued so far. The process started with the establishment of two national universities and three regional universities as multi-disciplinary institutions. Two National Universities, at Hanoi and Ho Chi Minh City, were established as a result of amalgamation of several higher education institutions. University of Hanoi, Hanoi Teacher Training College I and Hanoi College of Foreign Language Teacher Training were amalgamated to become the Vietnam National University, Hanoi. In Ho Chi Minh City, University of Ho Chi Minh City, University of Economics, Ho Chi Minh City University of Technology, Ho Chi Minh City College of Agriculture and Forestry, Ho Chi Minh City College of Architecture were amalgamated to become the Vietnam National University, Ho Chi Minh City. In Thai Nguyen as a regional center, Thai Nguyen University was established on the basis of merger of Teacher Training College, Technical College and College of Medicine. In Hue, Hue University was established on the basis of amalgamation of University of Hue, Teacher Training College, College of Medicine and College of Arts. Da Nang University was also established as a regional multi-disciplinary university in Da Nang City.

Other changes have taken place at the provincial levels. Hong Duc University was established in 1997 in Thanh Hoa province as the first multi-disciplinary university functioning under of the supervision of Thanh Hoa provincial authority. Following this event, Hai Phong province celebrated the inauguration of Hai Phong University in the second largest city in the North as a multi-disciplinary

university under supervision of the Hai Phong Provincial People Committee. University of An Giang was established very recently as the third multi-disciplinary university under provincial authority supervision in Vietnam.

Significant changes have also taken place in the area of teacher training for lower secondary schools and practical short-term engineering degrees with three years training. Secondary professional schools with two-year diploma have been upgraded to three-year colleges. This process can be seen as an emerging trend in Vietnamese higher education in recent years and it has resulted in changing the labor market and the demand for high level of professional education. Secondary professional schools, operating effectively in the time of Soviet Union influence, are no longer appropriate, when the opportunity of employment for graduates of these schools became uncertain. Moreover, as the skill level of labor force has been improved significantly and the need for higher professional education in small towns and rural areas has increased dramatically, the three-year college diploma in professional education has become a real demand. In response to this need, during the period from the academic year 1999-2000 to the academic year 2002-2003, the Ministry of Education and Training recognized the status of the three-year college for 37 secondary professional schools.

The emergence of non-public college and universities in the early 1990s was considered as the most important change towards more autonomy and accountability for colleges and universities. The first pilot project began with the Thang Long Center for higher education in Hanoi in 1988. A sector of non-public higher education including semi-public and people-founded higher education institutions was established a bit later in the academic year 1993-1994 when the temporary regulation for people-founded universities was articulated by the Minister of Education and Training. Since that time, the sector of non-public higher education has grown dramatically. 17 non-public universities and 6 non-public colleges have been established with enrollment of 101,856 students so far (Data from Ministry of Education and Training). Compared to public universities and colleges, non-public higher education institutions have more autonomy in organization and governance, staff management and financial mobilization.

Higher education institutions in this diversified system have been varying status of autonomy and accountability. While all higher education institutions are academically accountable to the Ministry of Education and Training, they are under financial and organizational supervision of different governmental agencies. The two National Universities have been given the highest level of autonomy and are accountable to the government and governmental agencies in the appropriate areas (academically to the Ministry of Education and Training; financially to the Ministry of Finance and Ministry of Planning and Investment and organizationally to the Ministry of Internal Affairs). The second type of colleges and universities is under financial and organizational supervision of the Ministry of Education and Training. Others are under financial and organizational supervision of the line ministries. Local colleges and universities are accountable financially and organizationally to the local governments.

At the institutional level, new university units and centers have been established to expand activities in new areas: research and development centers were established in technological universities; education research institutes were established in pedagogic universities, centers for cooperation and consultation were established in most colleges and universities to facilitate communication and cooperative activities as well as student enrollments.

This change in restructuring the system has a positive impact on higher education institutions in the areas of academic and allocation of resources. Firstly, we examine the change in the academic affairs.

Coordination in the Academic Area

Student Enrollments In the past (before domoi) the formally Ministry of Higher Education and Vocational Training was responsible for formulation of a comprehensive plan for higher education in the whole country including the development strategies, the speed and scale of higher education development, student enrollments, number of graduates for job assignments, staff development, financial and capital construction, etc. Such a plan was reviewed and adjusted by the former State Commission for Planning according to the plans and requirements from other sectors. Especially, the enrollment plan and graduates' allocation plan were considered carefully to be appropriate to the need of manpower as forecasted in the national development plan by the State Commission for Planning.

Since 1987, the enrollment structure as practiced in the past, whereby students were enrolled solely according to the state plan, has changed into the new system, through which universities and colleges could enroll students not only according to the state plan, but also additional number of students who pay the full tuition and fees themselves. Higher education institutions are also allowed to sign contract with industries to train more students. Two latter categories of enrollments were identified by capacity of each university or college after the planned enrollment quota was fulfilled and the matters then have to be reported to the Ministry of Education and Training. Number of places in the system of higher education and enrollment quota are still controlled by the Ministry of Education and Training and the Ministry of Planning and Investment, but there has been no plan for graduate allocation as it was in the past. So far higher education institutions have enjoyed more autonomy in student enrollments. This reform has brought into play the initiative and enthusiasm of the colleges and universities and has better tapped their potentialities in providing educational services to the society.

Since 1970, the entrance examination has been used to select new students to universities and colleges. In the early years, the nation wide examination was organized by the former Ministry of Higher and Secondary Professional Education and selected candidates were distributed to colleges and universities by the Ministry itself. In the later 1990s, the organization of entrance examination and selection of new students were designated to universities. The Ministry of Education and Training took the role of coordination and supervision. Due to many incidents during the organization of entrance examination and selection of new students that concerned the public, the Ministry of

Education and Training decided to organize the nation wide entrance examination again in the academic year 2000-2001. Although the Ministry of Education and Training is trying to harmonize the process of examination and selection of students, there are numerous complications related to confidentiality of examination questions, criteria of selection and intentions of students. Although the Ministry officials are trying to justify the correctness of this type of entrance examination, this is a step back on the road toward increasing autonomy and accountability.

Curriculum Development Before 1987, curriculum development was designated to several academic committees established by the former Ministry of Higher Education and Vocational Training. These committees consisted of leading professors and specialists in each field. During the early 1990s the Ministry of Education and Training gave more autonomy to higher education institutions and promulgated curriculum frameworks in which only the requirements of minimum knowledge and knowledge structure were identified and then universities are responsible to filling in concrete knowledge before putting them into operation. Since 1999, the Ministry of Education and Training with the assistance of academic committees has developed only curriculum frameworks including core knowledge and has given universities more space to flexibly develop completed academic programs for individual subjects corresponding to the need in their regions or sectors. This procedure, according to some Ministry officials, guarantees the quality and flexibility of individual programs offered at universities (Ministry of Education and Training, 2001).

Setting up of a new study program is a primary responsibility of individual universities. But the new program needs to be approved by the Department of Higher Education within the Ministry of Education and Training with the assistance of appropriate academic committees already established. According to the Regulation of Vietnam National University approved by the Government, the National Universities at Hanoi and Ho Chi Minh City are designated to approve new programs set up by its college members and to report to the Ministry of Education and Training for registration. In the case of graduate degrees, the National Universities are authorized to design and approve new programs and provide teaching in the piloting base. When the new degrees are about to be awarded, the Universities are required to report on the whole process and give recommendations to the Ministry of Education and Training on whether or not to open the program. Since the year 2000, the National Universities have been granted special status, according to which the National Universities enjoy more autonomy compared to other types of higher education institutions (Vietnamese Government, 2001).

Quality Management In the past, higher education institutions were required to follow the instruction given by the Ministry of Education and Training in the area of quality management. Officers from the Inspection Agency visited universities and colleges in case of incidents, the academic process left for universities and colleges to take care by themselves. There were no procedures for quality assurance undertaken at the level of the system and the level of the institution.

In 2003, the Agency for Quality Assessment and Accreditation was established by the Ministry of Education and Training as a new body responsible for quality administration. The Agency is in the process of developing the system of quality standards for all levels of education and to organize external assessments in higher education. In the first stage of implementation of quality assurance mechanisms, the Agency will help higher education institutions undertake internal quality management including development of quality assurance procedures and organization of self-evaluation. The Agency is responsible not only for organization of institutional accreditation but also for coordination of professional program accreditation. The inauguration of the Agency for Quality Assessment and Accreditation can be seen as an important mark on the direction of increasing university accountability.

The Budgetary Process

There are two major sources of funding for higher education institutions in Vietnam. The state allocations accounted for more than 90% of total higher education expenditure during the early years of doimoi, but the amount has been declined dramatically to around 55% at present (Higher Education Project, 2000). The revenue generated by higher education institutions through tuition fees, research and production contracts is considered as the second source of funding which increased dramatically during the last recent years. It accounted for about 24 percent in 1996, 32 percent in 1997 and 36.5 percent in 1998 (Higher Education Project, 2000). The reform has given more autonomy to colleges and universities to generate income by themselves.

State expenditures on higher education come mainly from two different levels of government: the central and local governments. At the central government level, the Ministry of Education and Training provides allocation to college and universities under its supervision, and the line Ministries provide allocation to the higher education institutions they supervise. At the local government level, provincial people committees provide funds to their colleges and universities which are under their supervision. Amount of funds to each higher education institution for the current year is determined by an incremental approach and based on what the higher education institution receive in the previous year. Based on consultation with the Ministry of Planning and Investment and the Ministry of Finance, the Ministry of Education and Training and line ministries make some incremental adjustments according to the needs and development of the institution and total budget for higher education. Higher education must spend funds as specified by the governmental agencies. If a higher education institution improves its internal efficiency in financial utilization, the money saved might have to be returned to the government after the budgetary year. Thus, many higher education institutions rush to spend all the allocated funds by the end of each year and this makes for waste of precious resources. The tightly controlled budgetary system is very rigid and provides no incentive for efficient financial utilization in higher education. A pilot reform in budgetary process is currently undertaken at the Hanoi University of Foreign Studies and Ho Chi Minh University of Economics according to Decree

No. 10 for public service institutions (Vietnamese Government, 2002). In this trade-out, the block grant is used to allocate funds to colleges and universities, which are then given power to decide how to send the money.

Reporting System, Organization and Personnel Management

The increasing institutional autonomy of Vietnamese higher education institutions is reflected in the report system, procedure of selection and appointment of chief executives and senior faculty members.

Reporting System for the Chief Executives of Universities and Colleges In Vietnam, there are mainly five different categories of higher education institutions under different governmental supervision: (1) the national universities directly under supervision of the central government; (2) the multi-disciplinary universities, specialized universities and colleges under supervision of the Ministry of Education and Training; (3) specialized universities and colleges under supervision of the line ministries; (4) provincial and local universities and colleges under supervision of provincial authorities; and (5) non-public universities and colleges. Accordingly, chief executives (presidents and principals) of public universities and colleges report to the appropriate supervision governmental bodies respectively. The chief executives of non-public universities and colleges report to the Boards of Trustees and then to the Ministry of Education and Training all matters related to academic, financial and organizational affairs. Although more and more autonomy has been given to the higher education institutions in recent years and control of the governmental agencies in teaching, research, financial and personnel administration has been relaxed significantly, the system of reporting has remain unchanged.

Role of the Councils of the Public Universities and Boards of Trustees In the past the role of the Councils of the public university was not clear, since all power over management of the university was designated to the university chief executive. The council used to play the role of a representative body giving consultation to the President of the university. On the 7th July, 2003 the Prime Minister articulated a new University Regulation which clearly defines the role and functions of the University Council (Vietnamese Government, 2003).

Generally, the University Council is responsible for making strategic decisions on maintaining autonomy and accountability of the university. The major functions of the council are identified as follows:

- making decisions on strategic goals and objectives of university development;
- making decisions on the university organization and activities before submitting to the Ministry of Education and Training or other government agencies;

- making decisions on how to spend money, where to invest and what equipments and facilities to acquire; and
- supervising the implementation of democratization in the university life.

The role and functions of the Board of Trustees in a people-founded university are identified by the Regulation for People-Founded University (Vietnamese Government, 2000). According to the Regulation, the board of trustees is a solely ownership representative of the university, and responsible for making decisions on important issues related to organization, finance and assets of the university.

The establishment of the University Council in the public university and identification of the role and functions of the board of trustees in the people-founded university is a step forward in increasing the autonomy of universities and the capability of accountability to stakeholders (government, employers, students, communities and society as a whole).

The Selection and Appointment of the Chief Executives of Universities and Colleges

Before the reform, the university President was appointed by the Ministry supervising the university. The Chairman of the provincial People's Committee appointed university Presidents and college Principals under the committee supervision. Significant changes have taken place in the process of selecting and appointing university presidents and college principals in the past ten years. Although the government agencies still have a decisive role in appointment of chief executives of universities and colleges, academic staff and representative organizations within the universities have an increasing role. The colleges and universities are given authority to nominate candidates for the position on the basis of consultation with academic staff and representative organizations within the colleges and universities. In non-public universities and colleges, the Boards of Trustees make decision on the appointment of the Presidents and the Minister of Education and Training issues a decision to recognize the appointment made by the university Board of Trustees.

The Appointment of Associate and Full Professors The appointment of associate and full professors in Vietnamese universities has never been decentralized. Before the year 2000, the Prime Minister made decision on the promotion of associate and full professors based on the nomination by the Commission of Professorship headed by the Minister of Education and Training. In the year 2000, the Prime Minister established the National Commission for the Title of Professorship, which includes 22 specialized committees and the process of promotion of associate professors and full professors has been changed significantly. A committee at the university level including at least five professors or associate professors of different specializations working at one university examines applications for the title of associate or full professors submitted by the staff of the university and makes nominations to the specialized committees, which then examine qualification and research publications of the applicants and decide whether or not to nominate the candidates to the National Commission. The

nominations are then approved by the National Commission and recognized by the Chairman and the General Secretary of the National Commission for the Title of Professorship. Although the promotion of professors and associate professors is fully designated to the National Commission for the Title of Professorship, the process is still tightly controlled by the National commission and the approval is based on the criteria specified by the National Commission. Therefore the distribution of associate and full professors is imbalanced among universities; there is a high proportion of professors and associate professors among the academic staff in National Universities and specialized universities supervised by central governmental agencies, while there is a very low proportion of staff with professor and associate professor title in local universities.

The Appointment of Non-Professional Academic Staff University vice-presidents and college deputy principals have been appointed by the Ministry of Education and Training or other governmental agencies concerned, depending on the type of the institution. The president of a university has the power to appoint the heads of the academic office, other offices of administration, deans of colleges, faculties or schools, heads of departments and other leading administrators of the university.

University Collaborations with Industries and Local Governments

When fewer public resources are available for higher education, universities place higher priority on being “responsive to their local and regional communities needs” and on being “useful to society” in order to receive public support (Shattock, 1997: 27). At the same time, for industries and local governments, universities are being seen as local assets to be exploited for the regional development. Contributions of the universities to economic, social development have been recognized. Numerous universities and colleges in Vietnam have established close relations with industries and local governments. For example, Hong Duc University in Thanh Hoa province works closely with the Provincial Authority to set up the network of service of information technology for the administrative system and is actively involved in the project of strengthening the capacity of the provincial administration. An Giang University, as a local university, has provided services to the agricultural system in An Giang Province. Many research projects funded by Da Nang City Government to serve economic development of the area have been conducted successfully by the University of Da Nang. Very recently, Ho Chi Minh City Government has successfully mobilized research capacity at the universities located in the City territory to develop technological solutions and new technologies for local industries. Through bilateral and multi-lateral collaborations, universities have raised significant resources for further development. In this process, universities develop their capacity of being responsible to its community.

Obstacles and Complications towards more Autonomy and Accountability

The reform of Vietnamese higher education has been undertaken for about 15 years, but the system is still under political supervision, governed by managerial rather than collegial or academic principles. Neave and van Vught (1994:11) concluded that “*higher education systems in many developing countries have acquired their basic characteristics by means of a transference of one or more higher education models from the Western World*”. The higher education system in Vietnam has been developed as a result of transference of French and Soviet Union models during the time of French occupation and Soviet influence. Practically, this was an introduction of the state-controlled model with a powerful national government and a centralized administrative system. Although there have been great efforts by academics and intellectuals to influence change toward state supervision, this model continues to exist during the period of economic transition.

The renovation in the economic sector is considered as impetus for the renovation in higher education and, in its turn, higher education will better serve economic development. But renovation in Vietnamese higher education is lagging too far behind progress in the economy. This big gap has resulted from the bureaucratic style of administration which used to exist in the centralized system and continues to exist. It usually takes too long for a higher education policy to be put into realization. The Education Law, for example, approved the National Assembly in 1998, identifies that the Ministry of Education and Training is responsible for development of strategies and operational plans and issuing regulative documents to guide the educational activities at the institutional level. But there is no detailed instruction to implement the Education Law in this area, and the Ministry of Education and Training continues to intervene deeply in the institutional affairs. The dilemma between higher education institutions and the Ministry of Education and Training on autonomy and accountability continues and appears not to end soon. Higher education institutions require the governmental agencies to provide more autonomy, while most universities are not well prepared to be accountable for what they are doing. There is an initial trend toward democratization in management of Vietnamese higher education, but the process is slow. This is caused by the absence of a clear governmental schedule and the inertia created during the long existence of the centrally controlled mechanisms in higher education management.

Conclusion

In the past, Vietnamese higher education followed the state control model. Since 1987, a series of reforms have been initiated in the academic, organizational and financial areas. However, the system of higher education is still functioning under tight state control. Beside National Universities which have enjoyed a high level of autonomy, other types of higher education institutions are still tightly controlled by the state. The institutions have been given autonomy in the academic affairs, while personnel and financial management are centrally controlled. The institutions have power only to sign contracts with temporary working staff. As far as the permanent staff is concerned, the institutions

need approval from appropriate governmental agencies. In financial administration, besides two institutions in the pilot of block grant implementation, financial allocations to other higher education institutions follow the bureaucratic model. Generating incomes mainly from tuition fees, non-public colleges and universities are still controlled by the state for their tuition level, items and levels of expenditures. The organization and governance reforms as already analyzed can be seen as the initial steps towards more autonomy and accountability for higher education institutions in Vietnam. There is still long way to go for the Vietnamese system of higher education to catch up with the systems of higher education in Western countries where universities enjoy much more autonomy and are fully committed accountable to stakeholders for their activities and outcomes.

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Presentation 4

Neo-liberalism, WTO and New Approaches to
University Governance:
From Reform to Transformation

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Neo-liberalism, WTO and New Approaches to University Governance: From Reform to Transformation¹

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This paper considers the neo-liberal market state and the new terms of global trade in higher education which are emerging from the WTO/GATS negotiations.

It has three arguments:

First, that liberal economic principles were turned into economic practices by the British Empire in the eighteenth and nineteenth centuries, and that neo-liberal economic principles are being turned into economic practices by the WTO in the late twentieth and early 21st centuries.

Second, unlike classical liberal thinkers (e.g. Adam Smith, David Ricardo) who did not consider educational services as a part of market activities, neo-liberalists locate education and all other public services in the commercial market. This neo-liberal principle has been widely criticised while the GATS negotiations have been in progress.

Third, today, in countries such as Australia, Britain, Canada, New Zealand and the U.S.A., the argument that the provision of education is part of a market has not only been accepted at the policy level, but is also directing the reforms of university governance. However, it is still a difficult argument for other state formations such as European welfare states or East Asian (developmental) states to accept—in terms of the central role of their states as regulator and purveyor of national/public education, and the historical supposition of education as a public good and/or education as a means of social cohesion within the nation-state.

This paper will trace the origins of neo-liberalism back to the economic theories, of Adam Smith and David Ricardo, which provided the rationale for global free trade within the new Empires of the eighteenth and nineteenth centuries, and now by the WTO. The paper will examine the contemporary WTO/GATS negotiations and how this process affects state-university relations and university governance.

Neo-liberalism and neo-mercantilism: the new rules of global free trade and the role of market states

The WTO ideology—free trade and 'competitive market advantage'—is based on a logic that has sustained free trade policies for over 200 years.

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The early classical liberal economists believed that both individuals and societies would be most prosperous if they were free to produce and consume without artificial restriction. Adam Smith and David Ricardo emphasised the benefits of specialisation² and the theory of comparative costs.³

The core of free-trade theory is the belief that trade increases wealth and welfare if a country correctly judges its priorities and makes the best choice about how to allocate the natural resources of land, labour, and capital. As an alternative to the specialisation argument, Adam Smith produced a new model for global trade, which is known as the ‘vent-for-surplus theory’.⁴ This model was more applicable to countries with less developed economies, whose resources were not already fully committed. The ‘vent-for-surplus’ theory, despite its defects and incompatibility with earlier liberal trade theories, exerted wide influence especially on the expansion of colonial trade.

The rise of the British Empire created new conditions for international trade with non-European countries. The liberal economists’ free trade theses were used for rationalising the new colonial trading relations of the nineteenth century. However the remaining doubts about the universal relevance of free trade among some key thinkers and government officials⁵ at that time did not much affect the development of British official policy. Fieldhouse notes “Free trade had been imposed on the whole British Empire by stages, culminating in the abolition of preferences between 1846 and 1853” (Fieldhouse, D. K., 1999: 19).

This liberal belief in market expansionism was revived after the end of the Cold War by Fredrich Hayek and Milton Friedman.⁶ In the belief that the state’s domination in the life of the individual and community was both economically and ethically unacceptable, they were against the interventionist state. Their neo-liberal political economic principles were put into practice by the UK and USA governments led by Thatcher and Reagan in the 1980s. For instance, Thatcher and Regan’s neo-liberal policies in the public sector—such as deregulation, liberalisation, and privatisation—were derived directly from the ideas of Fredrich Hayek and Milton Friedman who was a member of President Ronald Reagan's Economic Policy Advisory Board. Systemic restructuring of the public sector followed throughout the 1990s.

In this way neo-liberal ideas have been realised in the rise of new market-principled states and accordingly local, national and global societies are now getting restructured. As argued by Bobbitt (2002), the State is not actually withering away, but its form—its constitutional order—may be undergoing a historic change.⁷ The new ‘Market States’ have been most visible in the Anglo-American context. Bobbitt notes:

The emergence of the market-state has not occurred in an instant but rather over a couple of decades. Within the most prominent market-states, the groundwork was laid by Margaret Thatcher and Ronald Reagan, who did so much to discredit the welfare rationale for the nation-state. The rationale that underpins the legitimacy of the market-state, by contrast, is that it maximises opportunity (Bobbitt, 2002: 339).

It is now the State that sets the terms of competition in public domains with implications for the nature of politics. In other words, it is the Market State that plays a key role in privatising the public realms to redefine the nature of ‘free society’. O’Brien and Penna (1998) offer the clear proposition:

...neo-liberalism proposes that imperfectability and unpredictability are the basis of human societies. In this sense, neo-liberalism *has given up on the liberal project*. ‘Welfare’ is understood simply as a revitalisation of market relations, a subordination of everyday life to transactions in an unregulated economy, and a revalidation of those institutions—the family, community and charity—that are considered to substitute for what markets cannot provide (O’Brien, M. & Penna, S., 1998: 103).

The restructuring of the public infrastructures of the welfare state has been taking place in several countries. The public education sector is part of this restructuring process:

The domestic political challenge involves re-inventing the State, or at least making some clear choices about whether the State should continue as a provider of ‘public services’, or whether the State should be a guardian of the rules of quality in the services provided by others (e.g. in education). A political and cultural challenge is whether the State will continue to stress national cohesion and cultural continuity, as it did in much of nineteenth and early twentieth Europe, or whether it will begin sacrificing some of the emphasis on these themes (e.g. in education) in favour of a stress upon competition and individual and collective reward for good economic performance (Cowen, R., 2003: 23-24).

The role of the ‘market state’ and its changing relations with education are now facilitated by the GATS negotiations, and their implication is significantly global in consequence.

The neo-liberal ideas of trade in educational services embodied in the WTO/GATS require a new understanding of the state’s role in education, in which the contemporary neo-liberal argument *deviates* from the classic liberal ideas of Adam Smith.

In his classic argument, Adam Smith was in favour of public support for the education of the ‘common people’. He argued that public education was especially important in the most civilised or developed societies. Being aware of the negative effect of division of labour in capitalist society, he argued that an individual who is doing little more than attending to one simple repetitive task all day would become incapable of ‘conversation’, ‘sentiment’, ‘judgement’ and ‘courage’. He was skeptical about the value of occupational training or apprenticeship.

His dexterity at his own particular trade seems, in this manner, to be acquired at the expense of his intellectual, social, and martial virtues. But in every improved and civilized society this is the state into which the labouring poor, that is, the great body of the people, must necessarily fall, unless government takes some pains to prevent it.” (Smith, A., *An Inquiry into the Nature and Causes of the Wealth of Nations*, Article II.

Of the Expence of the Institutions for the Education of Youth, In *The Essential Adam Smith*, edited and with introductory readings by Robert L. Heilbroner, 1986: 302).

Smith regarded universal public instruction as the only effective remedy for the ills of modern commercial societies.⁸ In short, Adam Smith's vision of education was not narrowly framed by economic principles. The model of an *educated person* in the heart of Adam Smith's version of economics is *not* dominated by rational choices based on economic self interest.

On the other hand, contemporary neo-liberalists see *no* distinction between a market economy and a liberal society.

The ideology of the new market structures provide an ethical guide for all human interactions. In the neo-liberal world, educational activities are understood as being framed by market competition and are linked into the market transaction system. The neo-liberal transformation of education and the reinvention of the state's role has already taken place in many countries under strong Anglo-American influence. These notions are now becoming more international through the work of the WTO/GATS.

The next section will (i) outline the current development of GATS negotiations and debate and (ii) explain the implication of GATS for state-university relations and its impact on the current university governance.

WTO/GAT It can be suggested that the WTO is the supranational agent which has been set up to institutionalise the neo-liberal ideas of global free trade. The WTO's General Agreement on Trade in Services (GATS) was created in 1994 as a result of the Uruguay round of trade negotiations. The GATS is the first multilateral agreement to establish guidelines governing international trade and investment in the service sector. The GATS covers service industries—12 classified sectors,⁹ including education – that conduct international transactions either by sending highly skilled personnel, technical information, or currency across national borders or by performing services for foreign entities through affiliates located overseas (GATS Article I:3).¹⁰

In 1996 the GATS was extended to educational services, in particular, higher education. Negotiations on international trade in education and professional services started in January 2000 in the framework of the WTO/GATS. By 2002, 38 member countries of the World Trade Organisation (WTO) had already agreed to liberalise at least one sector of their education systems. Of these 38 countries, half have made commitments with regard to at least four of the five sectors identified in the GATS classification. Firm timelines for the GATS negotiations were then agreed to as part of the Doha round of WTO package, with initial requests for specific commitments due by June 30, 2002, initial offers by March 31, 2003, and a finalised renegotiation by January 1, 2005 (<http://www.wto.org>). Accordingly all members of the WTO received requests issued by some 62 mainly developed and larger developing countries, and 40 or more offers were submitted during 2003.¹¹

So far the process of GATS negotiations has been perceived by many as a global challenge especially to the national public sector of educational services. The paper will next consider some of the issues and debates embedded in that process.

Issues and debates in the process of the GATS negotiations In the WTO/GATS agenda, education is not perceived as a basic human right but an individual market choice. The scope and coverage of GATS have been controversial in the domain of public education. There have been anti-GATS opinions expressed in both governmental and non-governmental sectors—e.g. most recently on the occasion of the fifth WTO Ministerial Conference in Cancún, Mexico, September 2003.

Overall, the debate over the GATS can be summarised in the following way:

First the counter-argument has been based specifically on the universal affirmation of education as a human right in accordance with the Education for All agenda, and national assurance of education as a public good, and accordingly the respective roles of the market and the state (as both regulator and direct purveyor of services such as education and health). (http://www.ei-ie.org/action/english/Globalisation/etr_GATS%20Update_dec01.htm).

Second, anti-GATS critiques point out the fundamental problem grounded in the Most-Favoured Nation (MFN) principle in all WTO agreements, which implies all trading partners must be treated equally. As a matter of fact, however, member countries of the WTO vary in size and economic power and thus their capacity to influence decisions in the WTO has been very uneven. Given the MFN principle, this implies that a few major economic operators in the WTO/GATS negotiating process have promoted the terms of trade that are more favourable to their own interests.¹²

In this aspect, the paper suggests that the WTO/GATS negotiations reflect a *neo-mercantilist* trend, by taking (nation) states as competing corporate units in the global market.

The prime exporters of higher education are the primarily English speaking OECD-member countries. In absolute figures, the United States dominates the largest parts of global market in educational services, followed by the United Kingdom and Australia. In New Zealand and the United States, education is on the fourth and fifth place in the service export statistics. Also former colonial powers with widely spoken languages such as France, Spain and Portugal, have their particular international markets for selling education (Larsen, Morris & Martin, 2002).

Thus the countries that are already key players in the international transactions of educational services have been most actively engaged in the debate over the scope of GATS and education. For instance, some of the major international exporters of educational services—i.e. Australia, Canada, EU, Japan, UK and USA—had submitted the education sector requests by 30 June 2002 to set up the new explicit criteria for the whole range of international trading in educational services.¹³

Under Education and Training Services in the GATS negotiations, the USA has taken initiatives in making detailed bilateral requests to specific countries categorised in several groups. It was the

United States Trade Representative (USTR) that prepared a comprehensive set of market-opening requests. In addition to horizontal requests (covering all services) on Transparency (governing regulations of services), Mode 3 (trade via the presence of company subsidiaries) and Mode 4 (trade via the temporary cross-border movement of workers), the USA has also prepared an additional set of bilateral requests to specific countries (<http://www.wto.org>; http://www.ei-ie.org/action/english/Globalisation/etr_GATS%20Update_dec01.htm).

While the US proposal constantly “recognises that education to a large extent is government function and it does not seek to displace public education systems”, it outlines the “obstacles” to free trade in higher education services and identifies areas where member-nations should do more to promote greater trade liberalisation. These “obstacles” include “a tax treatment that discriminates against foreign suppliers” and “subsidies for higher education, adult education, and training [which] are not made known in a clear and transparent manner” (Miley, V. 2001).

Overall, the impact of the U.S. initiative in the GATS negotiations would be to create a new borderless world of higher education services and to create privatisation in countries that have liberalised under the IMF/World Bank conditionalities. Under the GATS, the same demands were put by the USA to different countries with only marginal variations.¹⁴

Among the East Asian countries, Japan¹⁵ and Singapore have been particularly active in the GATS negotiations. The main focus of the Japanese proposal in the GATS negotiations was also on the provision of higher education supplied across borders. While Japan is also a large-scale exporter in the East Asian higher education market, international education in Japan is also meant to achieve the objectives of Japanese foreign aid and international relations in the Asia-Pacific region and enhance the level of internationalisation of Japanese universities.

Overall, Japan still maintains a predominantly non-commercial and explicitly policy-driven approach to cross-border education. Given the strong regulatory role of the government, Japan and Korea were discussed in the same group: *Developed nations with a strong domestic capacity but active as importers* at the OECD/Norway Forum in 2003 (Marginson, S. & McBurnie, G. 2003).

Singapore, Hong Kong/China, Taiwan, and Malaysia were categorised in another group: *Developed or intermediate nations with inadequate domestic capacity, active as both importers and exporters*. In East Asia, Singapore and Hong Kong (China) are the most active cross-border players. These countries constitute important markets for cross-border educational provisions (Mode 1) and consumptions abroad (Mode 2). At the same time their education systems attract students from neighbouring states. The common use of English and Mandarin (in the case of overseas Chinese people in Southeast Asia) and the Chinese social networks in the region seem to help facilitate cross-border education services here.

However, there is even a newer inter-national, inter-cultural educational relationship developing in the region. China has emerged as a major player in Mode 1: cross-border educational provisions even for non-Chinese speaking but neighbouring countries like Korea and Japan as well as in Mode 2

(consumptions abroad).¹⁶ According to the Chinese Ministry of Education sources, almost half (45.5%) of foreign students studying in China now are Korean nationals. The number of South Korean students is estimated at 35,353 (45.5%), which is followed by Japan (12,765), USA (3,693), Viet Nam (3,487) (*Kyung Hyang Daily Newspaper*, 3 March 2004).

Overall, the governments of China/Hong Kong, Taiwan, Singapore and Malaysia are encouraging cross-border education not only as an economic activity but also as an instrument for new capacity building in their inter-national relations. Among those countries, the government of Singapore has perhaps most actively taken charge of the international trade in services. The paper will briefly look at the case of Singapore first as a specific national response to the GATS, followed by the cases of South Korea and Australia.

National Responses: the cases of Singapore, South Korea and Australia Singapore, given its particular role in the history of international trade, has actively pursued trade and investment liberalisation.¹⁷ International trade in Singapore is equivalent to 300% of GDP and in the manufacturing sector foreign direct investment currently accounts for around 70% of total investment. (<http://www.wto.org>). In the regional, international domain, Singapore is a founding member of the Association of South East Asian Nations (ASEAN) and a member of the Asia Pacific Economic Cooperation (APEC) and more recently a hosting country of the Asia-Europe Foundation (ASEF) which was created by ASEM (<http://www.bisnetworld.net/bisnet/countries/singapore23.htm>). Domestically, its new policy is 'Singapore One' under the slogan 'one network for everybody' (Chosun Ilbo, 2 March 1997: <http://www.chosun.com>). This policy hints at Singapore's new ambition to expand its domestic cyber network service to the neighbouring Asian countries and dominate the Info-Telecommunication market of the region.

In short, Singapore's stance on foreign direct investment has been always towards liberalisation. In the higher education sector, the Singapore government has been promoting collaboration on the postgraduate level, aiming to have ten world-class universities establish bases in Singapore by the year 2008. In fact, top foreign universities such as Johns Hopkins University, the University of Chicago, the Wharton School and the Massachusetts Institute of Technology are already present in Singapore, either in collaboration with Singapore universities, or as offshore branches.

Nevertheless Singapore under the requirements of GATS made limited commitments in seven of the twelve sectors, which did not include education services, distribution services, environmental, health-related and social services, and other services.

South Korea also wants to make a new regional hub for global trade in services in Incheon. To develop South Korea into a new major business centre in Northeast Asia, the government plans to create three free economic zones in Incheon by 2020. As the first stage, it has been planned to build the high-tech industry complex named Media Valley and Techno Park as an information infrastructure connecting the entire zone as a single network. By 2007 it will be ready to serve as the centre of

international trade and part of the plan involves building international finance and business complexes. The final stage of the development will feature the establishment of international education, research and cultural centres, as well as air logistic and travel complexes (*The Korea Herald*, 23 August 2003).

According to the free economic zone committee in South Korea, negotiations are currently underway to bring in renowned international institutions of (higher) education — such as Philips Academy and Harvard Medical School. These schools will also be open to Korean nationals. The area will house a science complex integrating R & D institutions and model production factories in electronics and information, software, biotechnology and mechatronics. The next stage is to construct international finance and business complexes; and establish branches of foreign schools, including post-secondary institutions¹⁸ (ibid).

Australia, while stressing its place in the Asia-Pacific region,¹⁹ has taken somewhat different approaches to the GATS from its neighbouring Asian countries. Australia has been one of the most active advocates of trade liberalisation in education services. The expectation is that Australia's service exporters especially in the cross-border trade in education services will benefit from the current GATS negotiating round. Such a position is not surprising given the fact that in 1999 education was already the third most valuable of Australia's service exports, and made Australia the world's sixth largest exporter of education services²⁰ (Australian Education International (AEI), 1999: <http://aei.dest.gov.au/>).

In this context, Australia has made requests to WTO member countries to remove specific barriers on foreign exchange requirements, limits on campus twinning arrangements, non-recognition of certain modes of educational services delivery, and visa requirements. In a new bid to facilitate smooth movement of service professionals between countries, the WTO is now considering the new idea of a 'GATS visa'.

GATS visa for services can serve as a special category visa allowing service professionals to travel to other countries for a certain period of time. The main objective of such a visa would be to distinguish movement of people travelling to other countries for work (and not permanent residence).²¹ While negotiations on services were moving ahead, there had not been much progress on Mode 4, which pertained to movement of 'natural persons', and was of interest to countries like India, which has a sizeable population of service professionals in sectors like information technology, engineering and medicine (www.expressindia.com).

As so far illustrated, many national governments, regardless of their different contexts of state formation and development — e.g. welfare state in Europe or developmental state in East Asia — are now devising similar policies and accommodating new rules of competition as being drawn by the WTO/GATS in the "world higher education market".

It can be suggested that the paradigm of higher education, as well as public services in general, has shifted. The following section will review the impact of liberalisation of trade in higher education specifically on the university governance.

The impact of liberalisation of trade in higher education on the university governance

First, there is a new wave of massification of higher education accompanied with the notions of lifelong learning society, the utilisation of new information technologies in (transnational) education delivery, and the new internationalisation of higher education (Kogan, M. et. al, 2000; Jarvis, P. 2001; Kim, T. 2002). In this trend, strong emphasis is laid on market mechanisms and the means of facilitating those mechanisms such as trade agreements (Larsen, Morris & Marin, 2002; OECD, 2003a; 2003b). Higher education has increasingly been taken as a means of generating profit, funded by the internal/direct beneficiaries (i.e. students) and external/indirect beneficiaries (e.g. employers, states), both looking for particular gains to be achieved through acquiring higher education.²²

Given the shifting paradigm of higher education, the importance of higher education is now counted more and more as a private good benefiting the person acquiring it. There seems no longer a division between the non-profit public education sector and for-profit corporate sector. Traditional universities no longer confine themselves just to degree-granting education and private corporate institutions no longer just provide professional training. For-profit or corporate providers are increasingly active and gaining ground in the degree-granting education sector as well. OECD indicates that for-profit provision and partnerships have grown significantly, mostly driven by “traditional” public or private non-profit educational institutions (ibid).

Thus, the growth of the ‘entrepreneurial research university’ as a new model for university governance has been notable across the globe, in line with new types of networking and transactions (Kim, T. 2002: 144-145).

Second, the increasing liberalisation of international trade in education services through the WTO/GATS is now being paralleled by new reforms of university governance in many countries, notably in higher education funding mechanisms and resources. The private sector has been called upon to make a more substantial contribution. In this process the funding structure for higher education has notably diversified in many countries. The new type of university-industry collaboration — e.g. corporitisation of public universities — is becoming a global pattern. The ownership of the world’s knowledge resources is now increasingly exercised by commercially-driven private sector corporations.

Some countries then opted for a *revenue-generating approach* to the internationalisation of higher education. It was during the period of Thatcher government in the U.K. that a new full fee-based international higher education market was created to generate export revenue and supplement scarce university funding. Australia soon followed the way to enter a commercial era of higher education. It

can be suggested that the funding schemes in the countries listed as below have contributed to diversifying the structure of university governance:²³

- The level of the student's contribution depends on the subject studied (Australia);
- Fees established by individual institutions (New Zealand);
- Fees subject to means assessment (United Kingdom);
- Grants limited to a pre-established period (Netherlands);
- Reimbursement scheme depending on income (Australia, Netherlands, New Zealand, Sweden, etc.); and
- Tax rebates for higher education (United States).

The revenue-generating approach to the internationalisation of higher education adopted in the UK,²⁴ Australia and New Zealand²⁵ has signalled a new global era for an international higher education market.²⁶ These countries have all set up international agencies to promote their higher education systems abroad and authorise their universities to provide education services at other than subsidised rates.

In this way the countries are expected not only to attract human capital, but also to generate economic gain, as the following statement makes clear: "Internationalisation [of higher education] in the UK can be summarised as the mobilisation of the skilled human resources needed to make the UK a more internationally competitive trading nation and to maximise export earnings by selling education services to paying customers." (Elliot, D., 1998: 32)

In East Asia, the restructuring of State-run universities has resulted in the creation of new private resources for universities. Certain foreign institutions have also been authorised to provide higher education services. The Malaysian government, for instance, has adopted a policy encouraging universities to follow private-company practices.²⁷

In general, universities in East Asia are also under pressure to take up profit-making activities to cover part of their funding requirements. As a consequence, there is increased competition between institutions and more involvement on the part of companies and private investors in the higher education sector. However, the role of governments in East Asia still remains central in creating the new domestic rules of competition between institutions and operating competition-based higher education funding mechanisms—for example, BK21 in South Korea or COE in Japan.

Third, it can be argued that the GATS has further contributed to the intensification and diversification of competition by implementing both top-down and bottom-up rules to break up the boundaries of the public and the private.

The GATS so far seems to have been applied only to the areas of service where WTO member governments “permit private education” and not to those “countries that maintain exclusively public systems” (Rosenberg, B., 2003). In reality, however, universities can no longer claim to be

exclusively public systems anyway. As examined earlier, many national governments' policies—as most notably in Australia and Britain—are now enforcing public universities to obtain greater funding from private sources. In some cases—e.g. in Malaysia and Japan, traditional national universities have been corporatised. The corporate model for university governance has produced a new concept of educational clients as a corporation with business expectations of learning outcomes, rather than a student with personal expectations of a broad educational experience.

Fourth, the GATS negotiations currently underway are to promote the deregulation of domestic regulations that governments use often for social, environmental or economic development purposes. According to the GATS Article VI, governments are required in the sectors where they have made commitments not to use licensing, qualification or technical standards that are “more burdensome than necessary” or “unnecessary barriers to trade” (Rosenberg, B., 2003).

Furthermore, foreign service providers are entitled to the subsidies from the national government. Under the new imperatives grounded in GATS, there have been growing concerns that national governments may need to give subsidies to foreign education corporations on the same basis as they do to local, public institutions of higher education. Once governments make specific commitments on a sector-by sector basis to market access, governments are required not to implement a range of measures that place limits on the amount of services or way of supplies. Nor can governments restrict or require specific types of legal entity. Rosenberg points out this “bottom-up rules” can prohibit governments from requiring joint ventures between foreign and national services firms or placing limits on the portion of state a foreign services providers can have in a domestic company (*ibid*). In short, this is a controversial area of the GATS negotiations with significant implications for public accountability and the role of government.

Overall, new directions of reforms and the practical definition of ‘market-framed’ and market-driven university governance have been internationally visible, with the common features of:

- new funding structures (based on market rules of competition);
- a new definition of the ‘Research University’ (given the rise of new research industry and new partnerships: corporate; industrial; international/transnational);
- quality assurance and the government’s intervention (conforming to corporate management; new managerialism); and
- the diversified massification of higher education as it adjusts to lifelong learning and the knowledge economy.

Thus it can be suggested that the reforms of university governance are now leading to the transformation of state-university relations. There is a market-driven transnational discourse in the various national contexts illustrated in this paper. The particular national contexts are now shifting fast to be re-contextualised by non-territorial interests of states. We are indeed living in a transitional time to create a new society of mercantile market-states from the inherited political institutions of the

old world of modern nation-states. Given the notions of transition and transformation, the paper will now draw a conclusion with some reflections on East Asia.

Conclusion: Different State Formations and University Governance from Reforms to Transformation

First, there is a paradox In both the Anglo-American cases and the East Asian cases, the higher education sector is now defined and tightly regulated by the national governments, whose forms of control are using international neo-liberal market principles.

The international globalisation of free market economy has made the (East Asian) model of economic development obsolete after the East Asian economic crisis. As a matter of international survival, the East Asian NICs had to restructure their domestic systems (including the higher education sector). But what exactly is going on in East Asia? What are the forces making East Asian governments follow the neo-liberal market principles, regardless of their particular contexts of economic and educational development?

Second, there is a pattern There is a common policy rhetoric in East Asia such as: “Preparing for the 21st century”, international cooperation and global competitiveness”. In this frame, university governance reforms in East Asia show the following key features: borrowing and promoting the Anglo-American model of the ‘entrepreneurial research university’; a strong emphasis on market mechanisms in university governance; and yet a central role of the state in the actual operation of university funding mechanisms, on the basis of new (quasi-market) rules of competition.

Third, there is a theory problem It can be argued that the contemporary economic globalisation and higher education reforms in East Asia are the concrete signifiers of a new coloniality. Generated within the societies and cultures of the Anglo-American economic tradition of free market values, there is global discourse which the East Asian countries have also been following.

East Asia since the 1997 economic crisis has found no alternative kinds of principles to operate public systems. After 1997, much of the praise of East Asian development model led by strong government stopped abruptly. During and after the East Asian economic crisis, the Anglo-American model of the free market economy and its required infrastructure was immediately put in force to reform the East Asian university governing systems as well as many other public/private sectors under government control. In the new global *ideational* discourse, rules of inclusion and exclusion operate on the assumption of the superiority of the Anglo-American political structure by accepting and internalising its normative dimension. The economic ideology transmutes into a political ideology.

Fourth, there is confusion of institutional form The higher education systems in East Asian countries—i.e. NICs and Japan and China—are constructions of early modern States imported from Europe and USA, whose origins go back to the late nineteenth and early twentieth century. However, the ethos and ideas of the East Asian universities were quite different from the European model, already framed within the State's projects. As a consequence, in terms of their institutional structures, it is difficult to conceptualise 'the East Asian university model', partly because their origins were internationally imported ones, subsequently indigenised by the national government's intervention.

This has produced a mixed form: a state dominated university – which is privately funded. Thus in the contemporary period of economic globalisation, "university space" is interestingly discussed as if it is in a transnational market, whilst institutionally 'university space' is still in East Asia with a strong national government's control. The visibility of the State's control over the academic domain and its specific, pragmatic use of the results of academic work developed early in the East Asian context of coloniality (Kim, T. 2001:93-101). Within that international space—especially in the East Asian NICs (South Korea, Hong Kong, Singapore, Taiwan) and also Japan and China—the utilitarian purposes and management of universities and its technocratic approach to the use of knowledge on the basis of principles of cost effectiveness are recognisable as key facets of the new *coloniality* (of an Anglo-American-led discourse).

Finally, we need to go further The analysis in this paper was based on tracing the emergence of neo-liberal market states, the new terms of global trade in higher education services (WTO/GATS), and the reform effects on university governance in many countries. Given the imperatives of the WTO/GATS process, their likenesses are striking, but the next layer in the analysis ought to be a theorisation of the differences which are occurring under these general pressures.

For instance, the older cultural definitions of what it is to be a university professor, a departmental member, and a graduate student—and these older versions differ from one country to another, e.g. in Singapore and Japan and Korea — are meeting the generalised global pressures (*ideational* and *institutional*) of the neo-liberal market imperatives. In other words the older ideas act as filters for the acceptance of global notions and construct localised (and different) versions of everyday academic practices.

It is probably important to open up fairly soon the exploration of how these global changes are affecting the positions of academics; perhaps both how they are *positioned* by these forces and how they *feel* positionally.

Notes

1. This paper was written initially for the RIHE International Seminar, Hiroshima University: ‘Organizational Reforms and University Governance: Autonomy and Accountability’, Thursday 18 December 2003.
2. A. Smith (1776). *An Inquiry into the Nature and Causes of the Wealth of Nations*. The Everyman’s Library edition (London and New York, 1964); *The Essential Adam Smith*. Edited and with Introductory Readings by Robert L. Heilbroner, New York & London: Norton & Company Inc., 1987: 149-320.
3. D. Ricardo (1817) *Principles of Political Economy and Taxation*, edited by D. Winch, London: Dent, 1992.
4. “When the produce of any particular branch of industry exceed what the demand of the country requires, the surplus must be sent abroad and exchanged for something for which there is a demand at home.... It is only by means of such exportation that this surplus can acquire a value sufficient to compensate the labour and expense of producing it” (A. Smith (1776) *An Inquiry into the Nature and Causes of the Wealth of Nations*, the Everyman’s Library edition, Vol. 1: 333; Requoted from Fieldhouse, D. K. (1999) *The West and the Third World*, Oxford: Blackwell Publishers, Ltd., p. 12).
5. E.g. J.S. Mill’s ‘infant-industry’ argument, which was to become a mainstay of modern protectionism particularly in colonial and post-colonial situations (For details see J.S. Mill, *Principles of Political Economy*, London, 1989; Fieldhouse, D. K., 1999).
6. Hayek in a sense frames the whole argument with his concept of a ‘spontaneous order’ and his proposition that all order in the physical and social world arises from the spontaneous formation of self-regulating structures (Hayek, 1967; O’Brien, M. and Penna, S. 1998).
7. According to Bobbitt, a market-state is not a market. “There is an irreducibility of governing that cannot be assimilated into market operations” (Bobbitt, 2002:337).
Likewise, in examining the rise of private transnational legal codes and supranational institutions, Sassen (1996) argues that sovereignty remains an important feature of the international system, but that it is no longer confined to the nation-state. Her conclusion is that some supranational institutions (such as WTO) now have the power and legitimacy to demand accountability from national governments, with the ironic twist that both depend upon the state to enforce their goals.
8. “The public can encourage the acquisition of those most essential parts of education by giving small premiums, and little badges of distinction, to the children of the common people who excel in them. The public can impose upon almost the whole body of the people the necessity of acquiring those most essential parts of education, by obliging every man to undergo an examination or probation in them before he can obtain the freedom in any corporation, or be allowed to set up any trade either in a village or town corporate” (Smith, A., op. cit., 305).

9. The GATS covers 161 service activities across the 12 classified sectors: Business, Communications, Construction, Distribution, Education, Environmental, Financial, Health, Tourism, Recreational, Transport and Other. In the document, 'GATS: Fact and Fiction', WTO displays its rationale for the liberalisation of global trade in services as follows. "Six benefits of services liberalisation" are economic performance, development, consumer savings, faster innovation, greater transparency and predictability, and technology transfer through FDI (foreign direct investment)" (<http://www.wto.org>).
10. The GATS distinguishes between "*four modes* of supply", through which education services can be traded: (Mode 1) cross-border supply in which only the service crosses the border as in distance learning; (Mode 2) consumption abroad, where the consumer travels abroad to receive the service; (Mode 3) commercial presence, where foreign providers establish a presence in a country to deliver education; and (Mode 4) presence of natural persons, where a professor/teacher travels to another country to deliver a service (Knight, J, 2002).
11. Among the new countries presenting offers were: Bahrain, Bulgaria, Colombia, Chile, Czech Republic, Fiji, Guatemala, Hong Kong, Republic of Korea, Macao, Taiwan, Paraguay, People's Republic of China, Peru, Slovak Republic, Slovenia, Sri Lanka, St Christopher and Nevis, Thailand and Turkey. One trade source noted that the presentation of offers shows that service is still an area in which many players have an interest, and is still the most dynamic area of the current Doha round of negotiations (http://docsonline.wto.org/gen_home.asp?language=1&_=1).
12. This issue has also been raised as a generic problem by the House of Lords Select Committee on Economic Affairs in the UK:

We detected two main elements in the complaint: that the "WTO is dominated by the major economies (especially the United States) and also, through the governments of those economies, by transnational corporations and that, as a consequence, developing countries (in particular, those who are unable to fund representation in Geneva) are marginalized." The important question...is whether this domination is excessive. We urge the Government, with its European partners, to consider, first, how to improve the balance of power in the WTO, and secondly how to ensure that decisions are more transparent (<http://www.parliament.thestationeryoffice.co.uk/pa/ld200203/ldselect/ldeconaf/5/508.htm#n103>). The details of inter-national debates and negotiations on GATS are available in the following websites: <http://www.gatswatch.org/GATScritics.html>; <http://www.uwo.ca/uwofa/regulatory/GATSCAUT.html>; <http://www.bctf.ca/social/globalization/CohenPaper.html> ;<http://www.nteu.org.au/debates.gats/trade.html>; <http://www.obhe.ac.uk>
13. 'Joint Declaration on Higher Education and the General Agreement on Trade in Services' was made by four leading educational trade associations in September 2001. Signed by the Association of Universities and Colleges of Canada, the American Council on Education, the European University Association, and the Council for Higher Education Accreditation, the declaration notes

that “while some barriers exist to trade in educational services, there does not appear to be a major problem overall” (<http://www.aucc.ca/en/internationalbulletins/declaration.pdf>). Each government was requested to make its initial market-opening offers by 31 March 2003. The negotiations are scheduled to be completed by 1 January 2005.

14. Among East Asian countries, Malaysia, Singapore, Hong Kong, Indonesia, and South Korea belonged to the same group, to which the following demands were made: “full commitments for market access and national treatment in Modes 1, 2, and 3 for higher education and training services, for adult education, and for "other" education, and for testing services. Consistent with the commitments, these countries remain free to review and assess higher education and training, by governmental or non-governmental means, and to cooperate with other countries, for purposes of assuring quality education.” In June 2003, South Korea offered to open its higher education and adult education market.

On the other hand, Taiwan fell into another group, to which the same demands were made as for group one but with an additional requirement. They were required to remove a specific condition that is considered to be a block to market access. Currently, the Taiwan government is under pressure to remove nationality requirements for certain executives and directors of educational institutions.

In the same demands made to group one, the Philippines and Thailand were required to remove ownership limitations on joint ventures with local partners.

China and Japan were faced with a long list. China is under pressure to “Remove ban on education services provided by foreign companies and organizations via satellite networks. Remove requirements for foreign educational institutions to partner with Chinese universities. Remove ban on for-profit operations in education and training services. Relax other operational limits and restrictions on geographic scope of activities.” In the case of Japan, requirements were made to “Recognize degrees issued by accredited institutions of higher education (including those issued by branch campuses of accredited institutions); and adopt a policy of transparency in government licensing and accrediting policy with respect to higher education and training”. (http://www.ei-ie.org/action/english/Globalisation/etr_GATS%20Update_dec01.htm)

15. The following is the summary of the Japanese proposal:

“maintain the quality of higher education supplied across borders. There are cases, for example, where the quality of a service supplied by a "university" in one country is not necessarily of the same level as that supplied by a university of another country, due to the difference in higher education systems of the two countries. It has also emerged that the quality of education services fails to be correctly judged, in cases where the service is supplied by a "degree mill" of one country by means of e-learning. From the viewpoint of protecting consumers (learners), members should thus recognise the significance and necessity of constructing an information network on the higher education supplied across borders.

Moreover, in international organisations such as the OECD as well as in international groups consisting of university evaluation organs in each country Members should make intensive efforts for realising a collaborative research” (<http://www.wto.org>)

16. As for importers in the world higher education market, China* (8.5%), Korea (4.8%) and India (4.2%) were the largest source countries, and Japan (3.8%) was the fifth largest importer (Mode 2: consumptions abroad) in OECD countries as of 2001. Almost half of the foreign students moving from the Asia-Pacific region to the OECD countries went to the United States (44.3%) in 2001. Of other major English language providers, Australia (12.5%) preceded the United Kingdom (11.3%) (Marginson, S. and McBurnie, G., 2003). The ten major countries and regions involved in the transnational provision of higher education in China are the USA, Australia, Canada, Japan, Hong Kong, Singapore, UK, Taiwan, France and Germany in order (Source; Ministry of Education, China, 2003).
17. From the early nineteenth century trading period in the Southeast Asian region, Singapore was a free port under British control, on the initiative of Sir Stamford Raffles, who founded a trading settlement (Kim, T. 2001: 58).
18. It is expected that many aspects of daily lives in the free economic zone will meet international standards: from business operations and public services conducted in English to established foreign educational institutions, international department stores and world-class medical facilities (*The Korea Herald*, 23 August 2003).
19. The concept of the Asia-Pacific is relatively new and is largely a response to accelerated economic development and international trade across Asia and the neo-liberal market oriented countries in the Pacific Rim. The Pacific Rim itself is a relatively new conceptual boundary discussed from the late 1990s, e.g. *Oxford Studies in Comparative Education*, (1997). These new concepts of the Asia-Pacific region and the Pacific Rim appear to be a useful contemporary mapping to deal with issues such as globalisation, internationalisation, new borderless economies, the time-space collapse, the breaking down of the nation state and the post-modern world *per se*.
20. Australia has a \$5 billion per annum education export industry, employing approx 55,000 people (Stevens, R. 'Education Services Negotiation'. In Institutional Research Consultancy Unit RMIT University, General Agreement on Trade in Services (GATS) Volume 2 May 2003. (http://www2.rmit.edu.au/departments/planning/ircu/ircu_home.php).
21. Overall, cross-border academic collaboration and institutional liaisons with foreign partners have become more intensified through exchange programmes or academic projects. It is believed that they have not only helped to improve domestic academic quality but also provided an incentive to potential university staff and students of attractive inclusion in transnational research networks.
22. The importance of higher education in economic policies of various countries has never weakened. Higher rates of return (both private and social) to higher education have made important effects on the whole education system in most countries.

23. For details, refer to Education International: <http://www.ei-ie.org>
24. The UK government, which currently pays a total of 5.6 billion pounds a year to universities, has just announced that universities will be allowed to charge fees of up to 3000 pounds a year from 2006. The goal of top-up fees is to increase funding for universities, while ensuring that the graduates who benefit most from university education would pay more of the bill than taxpayers (www.dfes.gov.uk, December 2003).
25. Australia and New Zealand actually prevent universities from providing subsidized educational services for international students. At the same time, countries such as China and Malaysia are keen to open their educational sector to foreign institutions and providers under commercial terms in order to widen the access of their population to post-secondary education.
26. Countries charging higher tuition fees in public universities for international students compared to home students: Australia, Austria, Belgium, Canada, Ireland, New Zealand, Slovak Republic, Switzerland, the United Kingdom and the United States.
Countries charging same tuition fees for international and domestic students: France, Greece, Hungary, Ireland, Italy, Japan, Korea, Netherlands, Portugal, Spain. Countries charging no tuition fees for either international or domestic students: Czech Republic, Denmark, Finland, Germany, Norway, Poland, Sweden. (Source: Eurydice; European Society for Engineering Education (SEFI); OECD).
27. There were 497 transnational programs running in a sample of 122 private institutions in 1997 (Lee, M. N. N. 1999).

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Presentation 5

Accountability or Accountancy ?
Governance and University Evaluation in an Era of
Performativity

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Accountability or Accountancy? Governance and University Evaluation Systems in an Era of Performativity

Anthony R. Welch*

Accountability or Accountancy? Governance and University Evaluation Systems in an Era of Performativity

“Formal, transparent and credible systems of quality assurance will help guarantee a successful future for Australian universities.” (DETYA, 2000, p. 1)

In this process, a number of trade-offs can be distinguished, one of which is the quality movement aimed at optimising the aggregate valued added for the investment in each part of the system (Sheehan 1996, p. 32).

Forms of governance have been changing of late, not least in the public sector, where governments have often been transformed from service providers to service purchasers, only setting the regulatory framework for ‘... a system of independent providers competing with one another in internal or “quasi-markets”’ (Mok & Welch, 2003, p. 9). No less true in numerous university systems, nonetheless even implementing the regulatory regime can not be taken for granted in some systems of higher education. Albeit imbued with the rhetoric of new public sector management, and a plethora of rules and regulations designed to forge world class universities, some systems are patently unable to regulate quality assurance in higher education effectively, whether because of limited means, uncertain will, wider problems of governance, or less-than-transparent and impartial mechanisms (Tipton, Jarvis & Welch, 2003; Welch, 2003). This seems all the more the case, where the private sector has come to play a dominant role in higher educational provision.

In many parts of the world, including the so-called Anglo American democracies, major parts of the post-communist world, and much of the developing world, embracing significant parts of Latin America and the Asia Pacific area, the state is in retreat. In this context, tensions between static or rising demand for services such as health care, aged care, welfare or higher education, and a plateauing or declining state capacity (and/or willingness) to deliver the required services, has led to a heightened emphasis on public sector management reforms. Now, in order to maximise productivity and efficiency in the public sector, (whether hospitals, public transport systems, or universities), public sector institutions are inured to emulate private sector productivity norms. Common state governance strategies are to create and foster markets within the public sector, forcing universities for example to compete — both for customers (formerly called students),¹ and for often modest amounts of

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discretionary funding, sometimes ‘clawed back’ from existing operating grants. Given the current context of ever-tighter institutional budgets (where it is estimated that in the UK, for example, that levels of public funding per equivalent full time student (EFTS) have fallen by some 40% since the late 1980s (Hare, 2003), few, if any, universities could afford to ignore the competition for resources, even if these resources are not ‘new money’, but simply amounts re-distributed for specific purposes. Using such special purpose funds to alter the direction of institutional development, allows governance to be conducted in a less direct, but equally effective manner, the so-called ‘steering from a distance’ (Marceau, 1993; Kleeman, 2003). Universities also compete for staff, both nationally, and in some cases, internationally (Welch, 1997b). All in all, in a context where universities are being asked to do more and more with less and less, and to contribute more directly to enhanced levels of economic growth, universities are being pushed operate in a more openly competitive manner, both internally and externally:

They are increasingly competing for students, research funds, and academic staff both with the private sector and internationally (OECD, 2003, p. 60).

The Meaning of Governance

What is meant by governance in the university sector? According to one contemporary source, it covers much more than formal processes of control and administration:

Governance comprises a complex web including the legislative framework, the characteristics of the institutions and how they relate to the whole system, how money is allocated to institutions and how they are accountable for the way it is spent, as well as less formal structures and relationships which steer and influence behaviour (OECD, 2003, p. 61).

In broad terms, then, governance can be said to cohere around five broad areas:

1. the extent of autonomy that institutions have to determine their own affairs.
2. The extent to which they are reliant upon government funding, or can draw on diverse sources.
3. Modes of external and internal evaluation, (so-called ‘quality assurance’), and the extent to which they are practised.
4. Changing patterns of university governance.
5. Changing patterns of leadership within institutions (OECD, 2003).

None of the above items, however, are in themselves simple. Although it would presumably be agreed by all, for example, that the concept of governance embraces the practice of university autonomy, this too is a multi-faceted phenomenon, as is clear from the table below:

Table 1. University Autonomy, by Country, Selected OECD States

	Own Buildings & Equipment	Borrow Funds	Budget Autonomy	Set Academic structure/ Course Content	Hire and Fire acad. Staff	Set Salaries	Decide Student Enrolment	Set Fee Levels
Mexico	□	Δ	□	□	□	Δ	□	□
Netherlands	□	□	□	Δ	□	□	□	Δ
Poland	□	□	□	□	□	Δ	□	Δ
Australia	□	Δ	□	□	□	□	Δ	Δ
Ireland	□	Δ	□	□	□	Δ	□	Δ
UK	□	Δ	□	□	□	□	Δ	Δ
Denmark	Δ	□	□	Δ	□	Δ	□	Δ
Sweden	Δ	Δ	□	□	□	□	Δ	
Norway	Δ		□	□	□	Δ	□	
Finland	Δ		□	Δ	□	□	Δ	
Austria	Δ		□	□	□	□		
Korea (Nat'l. Public)			Δ	Δ		Δ	□	
Turkey				Δ	Δ		Δ	
Japan (Nat'l. Public)				Δ	Δ			

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LEGEND: □ has autonomy, Δ has limited autonomy

While it is perfectly possible to show how, in each case, the other items listed above, are also complex, and often contested policy and programme arenas, to do so would take much more space than is available here. All the more so, if such a study were to be comparative in form. The remainder of the analysis, therefore, will largely focus on the issue of changing modes of university evaluation within the Australian system, drawing upon evidence from other systems, and from other elements of university governance, where necessary. It will be argued that there are at least two principal contradictions in contemporary forms of governance discourse, including in higher education. Firstly, notable contradictions occur around the notion of efficiency and performativity (Habermas, 1976; Lyotard, 1980), which often achieve the very opposite of what is claimed. Secondly, the notion of

‘steering from a distance’ is argued to be riven with contradictions, resulting in heightened forms of control and demands for performance, rather than the much-touted institutional autonomy, that is often said to be its rationale.

Background to the Australian Higher Education System

The Australian higher education system, consisting of 38 universities, can be said to have begun with the founding of the University of Sydney, in 1850. At that time, quality assurance in higher education was assumed to derive from the Oxbridge model, upon which all early universities in the Australian colonies were based.² Students, at that time entirely male, stemmed from a narrow and elite band of society. To the extent that evaluation occurred, it was undertaken by peers, informally, believed to be inherent in the notion of a university, and best undertaken, if at all, by academics themselves. In short, systematic evaluation of either programmes or institutions was conspicuous by its absence.

Now, with an overall higher education population of around 850, 000, some 14% of whom are international students, and about half female, many of the original assumptions upon which the earliest Australian universities were founded, no longer obtain. Not merely are students much more heterogeneous, reflecting the rich cultural diversity of contemporary Australian society (Welch, 1997a), academics at Australian universities also now originate from an increasingly diverse range of countries (Sheehan & Welch, 1996; Welch, 1997b, 2002) and, in the context of an increasing engagement with its neighbours, now more often stem from the Asia-Pacific zone.

Like many other countries worldwide, which have experienced massification of higher education (RIHE, 1997), together with increasing heterogeneity of student and staff bodies, and increasing diversity of delivery (DETYA, 2000), two trends have developed. Firstly, an increasing mismatch has developed between the scale of increase in student enrolments, which has been spectacular over the past 20 years, in Australia (Welch, 2001) and in many other parts of the world, and the ability or willingness by the state to fund such increases, at least fully. This is all the more significant in a national system of education, such as that of Australia, where almost all universities are still public institutions, established by state acts of Parliament, and traditionally funded by the Commonwealth (federal) government.³

Secondly, and running parallel to the first, has emerged a movement to increasingly evaluate universities, mainly in terms of teaching, and research, but sometimes involving administration. This trend, provoked to an extent by what Barnett has called an ‘age of anxiety’ (Barnett, 1996; Beck, 1992) has to an extent been paralleled by moves to change accreditation of universities, in an era when increased cross border trade in educational services has meant that some dubious institutional newcomers may attempt to establish a ‘university’ in, or close to Australia (see below).

In a sense, this move to increase systems of evaluation is curious, as academic staff, for example, have always been carefully evaluated at regular intervals in Australian universities, at least when

applying for promotion, or sabbatical leave. Equally, universities as public institutions, are subject to financial audits, to ensure that spending is transparent, and properly dispersed, while numbers have themselves engaged in national and/or international benchmarking with their peers. All in all,

A number of external mechanisms for reviewing aspects of internal university activity are of long-standing amongst Australian universities. These include: the use of external examiners for higher degrees by research and some honours degrees; the role of professional bodies and associations in accrediting professional courses such as medicine, law, accounting, engineering and architecture; peer review mechanisms in relation to research funding; and the use by universities of a wide variety of internal/external review and reporting procedures for faculties, departments, centres and whole institutions. The Australian Vice-Chancellors' Committee has, over the years, organised discipline reviews and taken other steps to assist its members in addressing quality issues (Quality Assurance, 2001, p. 3).

In another sense however, the institution of more wide-ranging and demanding systems of evaluation is no surprise, reflecting the federal government's increasing insistence that funding be tied to measures of performance. Indeed, it is an oft-remarked irony that, despite the formal autonomy which is attached to each university, that, at a time of 'steering from a distance' (Marceau, 1993) in higher education, measures of evaluation at Australian universities are having the effect of tying universities rather closer to government agendas and priorities than before. This effect of the institution of intrusive systems of evaluation has been noticed in other national systems of higher education, and deserves closer attention. Clearly, any indicators of performance, including in education, always need to be seen, and themselves evaluated, in terms of their aims, and the wider aims of the social system in which they are embedded. Increasingly, it is evident that the neo-liberal (or as it is often termed 'economic rationalist')⁴ assumptions that have come to dominate Australian society and social policy over the past 20 years or so, (to some extent independent of whether Labor or Liberal parties are in power, and to some extent independent of whether at state or federal levels of government). Education has not proved immune to this trend (Welch, 1997a).

Rather than the traditional U.S. emphasis on accreditation (without which institutions were deemed ineligible for federal R & D programmes, as well as student aid funds [Franzosa, 1996]), systems of evaluation in Australian universities usually fall under the term 'quality' or 'quality assurance'. It has traditionally been assumed that Australian universities, as opposed to the former 'college' sector,⁵ can accredit their own programmes, although as seen below, national disciplinary reviews, and others, now increasingly involve professionals from outside the institution—both academic peers, and professional practitioners as appropriate.

It is wise to put the terms term 'quality' or 'quality assurance' in quotation marks here, since not all hard-pressed academic and administrative staff in Australian universities accept that these increasingly intrusive and burdensome measures all have the effect of increasing system quality. Indeed, many have

argued that rather too much time and energy is now taken up in complying with the demands of quality assurance measures of one kind or another, internal and external, and that this time could be in fact spent better on doing the research and teaching which is supposedly being measured by the systems of evaluation.⁶ Some research shows that the high costs in staff time and other measures, indeed detracts from system performance, since staff are taken away from their normal duties, in order to respond to the demands of performance evaluation systems. No additional funds or other resources are offered by governments who insist on such compliance procedures. This issue of the compliance costs upon stretched institutional resources, also merits closer attention and further research. Indeed, it can be seen as an argument for ensuring that, whatever systems of evaluation might be introduced into national systems of education (Kim, 1996) should, if possible, be successfully negotiated with the university administrative and academic staff concerned, before being implemented.

Certainly, the costs to the system, and to individual institutions, faculties and departments have been substantial, just as in the UK: the former VC of a British university estimated that the costs to British universities of such efficiency audits were in the order of 'a third of an average sized university's teaching capacity, 50 researchers' work and almost £250,000 a year in photocopying' (Pritchard, 1994, p. 258). More recent UK estimates put the figures much higher:

'Fees for 250,000 students; the cost of five universities; the pay of 10,000 lecturers: each equals—but probably underestimates—the £250 million annual cost of quality control, audit, accountability, and research assessment systems in English higher education. Scotland, Wales and Northern Ireland spend proportionately the same' (THES, 2001).

Indeed, Hare's assessment of the UK's Research Assessment (RAE) exercise, is that costs have risen substantially:

... the benefits of the RAE system most likely rose for a time and by now will have levelled off, or even started to decline; and the costs were initially high, and will have risen over time as individuals and institutions devote more time to playing the RAE 'game'. Hence we may well have already reached a position where the costs outweigh the benefits... (Hare, 2003, p. 56).

In these very real concerns about the compliance costs to hard-pressed universities in the UK, mirror the concerns voiced in Australia, where after a decade and a half of a widening gap between ever-increasing enrolments, and swiftly declining proportions of university budgets that are supplied by the national government, resources for teaching and research are already stretched. While no-one seriously opposes university accountability, the significant diversion of teaching and administrative staff from their principal tasks, in order to cope with the substantial demands of university evaluation systems, has evoked widespread concern. Expressed concerns as to the very real costs to universities of responding to ever-increasing demands for performance data on the part of government may well lie behind the decision, announced in December to allocate very modest sums (\$200,000 per institution)

to public universities as a gesture to ‘costs of implementation’ associated with the Higher Education formation Management System (HEIMS).

Erosion of Autonomy?

Many Australian academics would also share the criticisms of many of their UK peers that the obsessively managerial control over the business of university research is ‘undermining the strongly held academic values of autonomy, freedom and the like.’ (Hare, 2003, p.57; Kleeman, 2003). Kleeman for example, has underlined the

‘... considerable influence over the overall direction of research in universities (that the government can exercise) ‘... by steering more resources through targeted or competitive schemes, in combination with the priorities that will guide the relative national funding in broad fields of research.’ (Kleeman, 2003, p. 29).

Over the years 2000-2006, the proportion of targeted research and infrastructure is scheduled to rise from 36% of the total to 52% (Kleeman, 2003, p. 30).

More direct concerns were expressed at the Minister’s expressed wish to intervene directly in academic matters such as which courses should be offered in universities. Far beyond attempts to steer the system via allocation of resources, and the establishment of research funding priorities by external mechanisms, this direct form of control would have intruded directly on core institutional autonomy, as indicated in Table 1, above. Like measures to push universities towards implementing regressive industrial relations measures, this proposal too was defeated in federal parliament, after vigorous opposition by trade unions, concerned parliamentarians, individual Vice Chancellors, and even the normally more quiescent Australian Vice Chancellors Committee (Australian, 2003a,b,c,d; AVCC, 2003).

Moreover, some in Australia continue to voice real concerns, (again mirrored in the UK, to a degree) that the increasing effect of research evaluation measures will be to gradually strip even basic means of scholarship and teaching quality from those units or sections categorised as teaching-active, rendering them effectively as teaching-only:

Funding models can leave teaching-active sections if they have few research students and little external grant funding, without the means to support even basic levels of research and scholarship. This threatens the standard and nature of university teaching, which by its nature should take place within a culture of sustained scholarship and creation of new knowledge through research (Kleeman, 2003, p. 25).

Principal evaluation measures to have been introduced nationally in Australian higher education comprise both ‘carrot and stick’ approaches: that is, some operate as incentive schemes, while others are measures which have the effect of disciplining universities, and which they can only ignore at their cost. The first area to be dealt with is that of teaching.

The Evaluation of Teaching

Traditionally, Australian academics, especially those in the sciences, have been selected on the basis of their demonstrated research excellence, and in some cases practical experience in the field. While this has ensured a high degree of research capacity, the fact that teaching ability and experience was often not taken into account at appointment, meant that this dimension of quality was assumed, rather than having to be demonstrated, as with research. Although teaching was recognised to be an important part of an academic's work, the evaluation of teaching achievement was formerly unsystematic. This imbalanced approach to evaluation or quality was compounded by further and later decisions, where promotion was also based almost entirely on research excellence, often seen in rather quantitative terms. Sometimes, this practice was defended on the basis that it was easier to evaluate or measure research, than to do so with teaching.

Early measures to redress this imbalance were in the form of incentives. The Council on Australian University Teaching (CAUT) was formed to give a higher public profile to good university teaching, and to promote and systematise good practice. Replaced by the Committee for University Teaching and Staff Development (CUTSD) in 1996, by an incoming federal government, the aims remained much the same:

“... identifying and promoting good teaching, learning and assessment practices in universities; encouraging and fostering innovation in higher education teaching; and providing staff development opportunities for academic and administrative staff” (CUTSD, 1999, p. 1).⁷

As part of this development, National Teaching Development Grants (NTDGs) were made available to individuals or groups, on a competitive basis. The aim of these was to raise the status of teaching and encourage innovation and excellence in university teaching. Individual awards were highly competitive, with only 46 applications succeeding in 1999, from a total of 218 applications. ‘Organisational’ NTDGs were also awarded, mainly to departments or faculties, once again on a highly competitive basis (13 successful applications from a total of 87). Staff Development Grants were also introduced, specifically to support staff development strategies in teaching and learning, perhaps in collaboration with professional units supporting this purpose, which have for years existed at all Australian universities, and are charged with enhancing the quality of teaching and learning on campus, including via regular evaluation of all courses.⁸

In addition to these measures, all universities have introduced internal awards for excellence in teaching, often at Faculty and level, as well as across the university (see the url listed below, and in the Bibliography). These measures, which are peer-reviewed, have further helped to raise the status of teaching as an acknowledged activity in Australian universities, while at the same time creating a culture whereby it is accepted that teaching is systematically and regularly evaluated. The awards are keenly sought by academic staff, and the results published in university news media (An example, from the University of Sydney, can be found at the following address <http://www.itl>.

usyd.edu.au/Vcawards). The gaining of such awards can assist in promotions procedures, which now give more weight to more objective measures of teaching performance.⁹ More recently, formal courses (such as a Graduate Certificate of Teaching in Higher Education), which is available to all staff at the university, and in which younger members of staff with little formal study of education or teaching experience now often enrol. For some time now, indeed, there has been talk of making such courses a requirement of appointment to a teaching post at a university, (unless it can be demonstrated that the applicant already has an equivalent qualification, or substantial existing experience), although academic trade unions have expressed doubts about the wisdom of moves to make a professional qualification compulsory, and it is uncertain that such a move would command wide support among university staff. Nonetheless, in many universities in Australia, new academic staffs are now virtually required to undertake a base qualification in pedagogics, often entitled a Certificate. Under the most recent legislative package, finally passed after great debate, opposition and amendment in December 2003, further measures were announced, in particular both supplementation of Australian Awards for University Teaching, with a new range of awards from 2006; and the introduction of a new Learning and Teaching Performance Fund from 2006, to reward institutions that ‘demonstrate excellence in learning and teaching’ (DEST, 2003).

Early ‘Quality’ Measures

The early 1990s saw the development of system-wide measures to enhance quality. The so-called ‘quality rounds’ of this time, announced A\$70m—or about 2% of operating grants (Sheehan, 1996, p. 25)—of new funding for those institutions “able to demonstrate a high level of quality assurance in the context of their missions and goals” (DETYA, 2000, p. 2).¹⁰ The first round in 1993 was accompanied by considerable confusion, not least by some (older) institutions, who were rather less inclined to take it seriously. The first round dealt with teaching, research and community service, and was succeeded by two further annual rounds, devoted to teaching, and research and community service successively. The first round grouped universities into 6 bands and was criticized for creating a form of ‘league table’. This subsequently was reduced to three bands.

The initial institutional resistance, most particularly among some older and more elite universities, was quite quickly overcome, and Australian universities soon came to see that, while quality improvement was an inherent part of their charter, that they also owed “a major responsibility to all interested parties, whether students, staff, professional bodies, employers, government or the wider community, to provide assurance that quality and standards are preserved and enhanced.” At the same time, they were quick to point out that this could not be achieved without ‘a real commitment to the maintenance and improvement of quality from those responsible for resourcing the system’ (Sheehan, 1996, p. 28; AVCC, 1992, p. 8).

A recognition that both institutional reputation and funding was at stake, in an increasingly competitive national and international environment, quickly helped to strengthen such commitment to quality measurement and enhancement.¹¹ A national industrial court decision of 1991 deemed that annual staff evaluation measures (of teaching, research and administration) were allowable. This led to each institution developing their own version, which commonly consisted of an annual interview between the individual staff member and his/her 'supervisor', and which were often based on measured performance against agreed teaching, research and administrative standards. In practice, however the system has been seen as burdensome, and it is often difficult to agree on what constitutes 'adequate performance', or how to deal with inadequate performance, even if it can be established. At the same time, the fact that components of an institution's funding became dependent on evaluation of performance, imposed considerable administrative burdens upon already hard-pressed staff, and there were ongoing problems with performance measurement. Even something as apparently straightforward as the measurement of research performance proved to be by-no-means simple, when government attempts to develop a register of principal journals to be included in the evaluation exercises, were repeatedly challenged by academics. As a result of these difficulties, research performance has now come to be weighted more on the basis of research grants secured, especially nationally competitive grants, and research degree completions, while actual research publications were also upgraded somewhat in importance, in terms of the overall evaluation.¹²

Despite such difficulties, the cultural change effected by these 'quality' rounds, introduced by the Higher Education Council (HEC, 1992), and the responsiveness by universities in addressing gaps identified in their respective performance, allowed the federal government, in particular the responsible government department (DETYA), to introduce a scheme of annual quality improvement into its funding negotiations with institutions as from 1998, after consultation:

In fact, the audit program served as a mechanism for change. Rather than providing a snapshot of current activities..., this holistic approach had the advantage of involving much of the university in a self analysis, and it evaluated policy and hence commitment to the future" (DETYA, 2000, p. 3).

At the same time, however, it must also be admitted that 'the process has empowered management, possibly at the cost of some elements of collegiality or institutional democracy (Sheehan, 1996, p. 30).

The most recent developments include the development of the Australian Universities Quality Agency (AUQA), agreed at a meeting by all relevant state and federal ministers in 2000. It commenced regular audits in 2001, publishes performance results, and reports on the standards and standing of the Australian higher education system, in national and international perspectives. It has a small permanent staff, operating under a small Board of Directors. Core funding (estimated at \$1 million per annum) was to be by governments using a MCEETYA¹³ formula, with the direct costs of audits met by those institutions audited. In general, a five yearly cycle of audits would be undertaken. Each university is now required to develop annual Quality Assurance and Improvement Plans,

including a range of outcomes information. More recently the purview of AUQA audits was extended to cover overseas External bodies such as professional bodies of accountants, or dentists, continue to play a role as external members of relevant evaluation panels, and the advice by such panels of experts is taken seriously by universities, especially in today's competitive environment. Universities also cooperate in evaluating each other's degree programs. A Faculty, for example, may initiate its own evaluation, or undergo an evaluation, as part of an institutional decision, or a national inquiry into a particular discipline. Funding sources are likely to vary accordingly.

In the process of such a review, the faculty may well complete a self-evaluation as a preliminary exercise, which, together with major documents and policies, and examples of teaching and research, is submitted to a panel of internal and external assessors, at least one or two of whom are likely to be major figures from peer institutions. In the case of professional faculties such as Engineering, or Pharmacy, this would likely be complemented by one or two eminent figures from industry, with a record of interest in professional education and re-education. Professional faculties that perform poorly, are at risk of losing their professional accreditation, particularly if the problems are not swiftly addressed. This prospect is something that all such faculties take very seriously indeed, since it threatens the employability of their graduates, and thus both their professional reputation, and their livelihood. At least one or two visits by the panel would be subsequently undertaken, to gather further information, and discuss issues with staff and students, before a report is prepared. If the review is a national disciplinary review, it is likely that this report would be published, which imparts a greater degree of transparency to the process, and further ensures that institutions take the advice seriously. In addition, as indicated above, it is now expected that each institution will routinely "undertake student evaluation of teaching, develops special projects for the improvement of teaching, and offer internal awards for teaching excellence" (DETYA, 2000, p. 6).

In addition, institutions' Quality Assurance and Improvement Plans now outline the university's goals in teaching and learning, research, management and community service, together with the strategies used to achieve these, and performance indicators used to gauge their success. The Commonwealth government has recently funded the development of a 'benchmarking manual' for Australian universities,¹⁴ including 67 measures of performance on the range of activities listed above, which institutions can use to measure their performance against like institutions. Graduate destination surveys, which, four months after graduation, measure the proportion of graduates from each institution who have achieved either full time work, or full time further study, are also published by the Commonwealth government and used by institutions. All in all, the following measures of institutional performance are published, annually, by the Commonwealth government:

Sector-wide performance indicators relating to students, staff, finance, research, graduate careers, and course ... in the Characteristics and Performance of Education Institutions (as well as) institutional quality improvement plans and associated performance measures ... (Quality Assurance, 2001, p. 3).

A further development relates more to institutional accreditation. It was provoked by a recent attempt to establish an off-shore 'university' (called 'Greenwich' university) on an island off the coast of the state of New South Wales, which has a unique jurisdictional status, which meant that state-federal relations were also relevant. Under the Australian Constitution, the individual states are responsible for schooling and technical schooling (called TAFE in Australia). Higher education is different: while financed by the Commonwealth government, it is also dependent upon the states, in that the establishment of each university requires a separate act of State Parliament, in order to be ratified.

In this case however, the new institution applied direct to the federal government for ratification (thereby avoiding the lengthy and detailed state procedures), which was somehow granted, with insufficient scrutiny. The ensuing furore raised not merely complex questions of federal-state relations (the federal government had failed to consult the relevant state government about the matter), but also key issues of quality, since it transpired that the institution in no way merited the term university, being without both relevant facilities or highly qualified academic staff, and in fact being dependent upon links with other established institutions, to provide courses and qualifications.¹⁵ Subsequently, meetings of state and federal authorities have now agreed upon standards, which all institutions that apply to operate as a university in Australia must meet, in order to qualify. While the episode provided a salutary lesson in the negative effects of globalised university education, it will not necessarily be the last such episode, especially in an era increasingly characterised by regional or international agreements such as NAFTA (North American Free Trade Agreement), GATS (Global Agreement on Trade in Services), or the proposed MIA (Multilateral Agreement on Investment), which can often over-ride principles of national self determination. In theory, this can mean that a foreign interest can establish a (real or virtual) university in another country, against the wishes of public authorities, and then perhaps claim legal right to national funding, in just the same way as any existing, national university.

Conclusion

Virtually no-one seriously opposes the principle that institutions of higher education should be run efficiently and effectively, as other institutions in society, whether financed from the public or private sector. Nor that they should be accountable. Many, however, have reasonably queried the timing and underlying intent of introducing such intrusive forms of evaluation at a time of severe financial constraints,¹⁶ and increasingly strident attacks upon public sector expenditures, often dismissed as 'wastage' (Welch, 1997a, pp. 1-23), as well as major reductions in tenure etc. (Sheehan & Welch, 1996). There are at least two clear dangers. Firstly, it is clear that great care must be taken in introducing systems of evaluation, since, paradoxically, the effects of their implementation could well be to weaken the principle of equity in institutions of higher education, and at the same time to reduce the effectiveness and efficiency of individual departments, and thus the institutions of which they are a

part. There is no doubt that the implementation of the Jarrat proposals in the U.K. in the 1980s achieved precisely this in many British institutions, and was exacerbated by moves to rate individual university departments according to supposed research excellence, (THES, 1986a, pp. 1-5; Neave, 1988) and then tie a proportion of the institution's overall grant to this rating. And indeed this weakening seems to have been one purpose of the British proposals:

"The intention is that a department having been designated as weak by the UGC the university should be obliged to take some action, either to strengthen it or to punish it. The idea is that the strong should grow strong(er), and the weak weaker" (THES, 1986b, p.36).

Experience suggests that the costs of such reviews are no less substantial in Australia (Miller, 1995b), and that paradoxically, such 'quality' audits can lead to the opposite effect: 'a decline in standards because of the great effort involved in satisfying the formal bureaucratic demands of the procedure' (Pritchard, 1994, p. 258; THES, 2001). The costs of compliance by universities with forms of surveillance fostered by what has been termed the 'intrusive state' (Barnett, 1990, pp. 152-8), or what in the Australian context, has been characterised as the triumph of the technology of Total Quality Management [TQM] (Sheehan, 1996) are, as was seen above, substantial, and not merely in narrowly economic terms. Is this the kind of efficiency to be promoted in our universities?

Secondly, there is clear danger in too heavy a reliance upon quantitative performance indicators, since a perfectly reasonable response on the part of universities would be 'to develop course appraisal systems which record performance in just those terms' (Barnett, 1990, p. 103).

This sketch of the evaluation measures used in Australian higher education has revealed not merely the mechanisms and indicators themselves, but also provided some indication of the rationale for their introduction, especially at the particular time, and in the particular context, in which they were introduced. It has also sought to sketch their development over time, and has shown some of the pitfalls involved in the development of intrusive performance measures of evaluation in higher education. On the basis of the sketch above, it could be argued that, while systems of evaluation can be an important means to enhance institutional performance and responsiveness, this is only if any such measures used are as straightforward as possible, are very transparent, and developed in consultation with, and hopefully in concord with, the institutions and their teaching and administrative staff. External summative measures, imposed without consultation by what has been termed 'the evaluative state' (Neave, 1996) are likely to be opposed, or only followed pro-forma, and hence much less effective in enhancing the quality of the system. A key danger, indeed, is to tie measures of programme or institutional effectiveness in higher education too closely to government agendas, often of a short-term economic kind, which can risk seriously distorting the institutional mission of higher education in society, undermine the importance of wider and more liberal understandings of higher education, and transform accountability into a form of accountancy (Readings, 1997; Welch, 1998):

'The purposes of higher education (became) equated with national economic goals and thus the central problem for higher education was defined as the cost-effective management of human capital and workforce productivity. This had the effect of legitimating a tacit agreement that evaluation in higher education should measure and monitor institutional productivity through techniques developed in industrial management' (Franzosa, 1996, p. 141; see also Sheehan, 1996, p. 31).

Previous episodes in education where so-called efficiency measures were introduced as reform initiatives in education, do not inspire confidence in current efforts. Motivated by concerns to contain costs in the face of rising demand for participation, such previous episodes often resulted in reduced costs, a more vocationalised curriculum, and a nett loss of morale and creativity in the system, provoking one teachers' union to respond in 1911:

" If efficiency means the demoralization of the school system ;

dollars saved and human materials squandered ;

discontent, drudgery and disillusion -

We'll have none of it!

If efficiency denotes low finance, bickering and neglect ;

exploitation, suspicion and inhumanity ;

larger classes, smaller pay and diminished joy -

We'll have none of it!

We'll espouse and exalt humane efficiency -

efficiency that spells felicity, loyalty, participation,

and right conduct.

Give us honorable efficiency and we shall rally to the civic cause."

(Callahan, 1962, p. 121).

In a previous analysis (Welch 1998), it was argued that, like Winnie the Pooh's address,¹⁷ such efficiency movements were not all that they seemed. Often, they masked an underlying intent to introduce into education the instrumentalist logic and practices of the business world: practices which were anti-democratic in effect—reducing equality within the system. It is not hard to point to important parallels with the current climate of efficiency movements in higher education. In the earlier analysis, it was argued and instanced that the forms of efficiency which were imposed on schooling and higher education systems were motivated more by goals of cost-cutting, a desire to vocationalise the curriculum, and an intent to impose an ethos of business-style principles upon publicly funded education systems, often during periods when rising demand and aspirations for education was imposing additional costs on the public purse. These goals, at times proposed by business leaders intent on reforming public institutions by making them more explicitly business-like,

were often achieved at a considerable cost in social terms, particularly in terms of a loss in equity, reduced funding, and a narrowing of the curriculum. Alternative notions of efficiency, which, while having proper regard to questions of financial and other forms of public accountability, also insist that equity is a key element in efficiency (Welch, 2000), lack this socially regressive character, and instrumental techno-logic, of such more economistic forms of efficiency.

In the current example, it can be equally argued that the burdensome bureaucracies that now attend so-called quality assurance procedures in Australian universities, have in some ways reduced what many working academics would acknowledge as quality. This is because of the excessive amounts of time and energy that must be invested by both academic and administrative staff in responding to ever-increasing demands for performance data by the state, (a situation now too-often mirrored by internal governance procedures, and modes of performance evaluation, within the institution). This must all be done by already hard-working academic and administrative staff, who are accorded no supplementary resources, with which to cope with the additional workload. Hence, core activities of teaching and learning, and research, suffer—and all justified in the name of quality.

The implications of the above sketch of evaluative measures in higher education for debates in contemporary governance can now be summarised. In particular, it can be argued that there are at least two key contradictions in the contemporary governance discourse. Each comprises a basic plank in the modern governance platform. The first, as was seen above, consists of inherent contradictions in the prevailing notions of efficiency, or performativity. Here, Habermas' corrosive critique of the modern state's use of the apparatus of efficiency parallels Lyotard's outline of the practices of performativity, to a degree. Habermas' account points out that arguments about efficiency reveal an underlying economism that parenthesises ethical concerns in society. Drawing on Marcuse's critique of *One Dimensional Man* (1968), and decisionism, Habermas argued that ethics in modern society has now been subsumed by a technocratic consciousness, whereby problems of system effectiveness are addressed by the "purposive-rational application of techniques assured by empirical science" (Habermas, 1974, p. 254, see also Habermas, 1970, 1978, 1984). Modern (western capitalist) societies, then, are distinguished by a greater concern with the technical (that is, administrative/industrial/functional concerns), than with the practical (the realm of ethical, and political decisions). The original distinction between 'praxis' and 'techne' is owed to the Greeks, of course (Habermas, 1974). Contemporary critical theory extends the analysis to processes of modernity and society, in particular to the extension of a form of rationality and related social processes, which celebrates efficiency at the expense of ethics. With Marcuse (1968) and others, Habermas is profoundly critical of the extension of an instrumental rationality (associated with aspects of Max Weber's account of modernity in society), whereby norms and social goals are simply assumed, rather than debated: "... a technology become autonomous dictates a value system—namely its own—to the domain of praxis it has usurped, and all in the name of value freedom" (Habermas, 1974, 270).

In the process, means-ends values of economy and efficiency permeate social institutions and practices (Pusey, 1991), at the expense of ethics, and older notions of the social good. Ball, for example, has shown how correlate notions of business efficiency are assumed, rather than problematised, in education, as part of an increasing technology of control (Ball, 1990). It is not hard to see the applicability of such critiques to the current, and widespread, fad of performance indicators, and performance management, within higher education.

More thorough-going in its rejection of modernist epistemological claims, and less rooted in a careful exposition of specific episodes in the development of modern society, Lyotard's account of (post) modernity is nonetheless also critical of the extension of what he terms performativity into many arenas of society (Lyotard, 1984). Knowledge itself, he argues, is being commodified, and has now become one of the principal productive forces in late-modern society. Universities, and academic work, are therefore subject to processes of performativity, whereby "optimising the system's performance" (Lyotard, 1984, p. xxiv) becomes the ultimate goal, and relevant technologies found within the discourse of business and management. Thus system performance criteria are invoked to decide whether a particular research centre should be allowed to continue (Lyotard, 1984, p. 47), and questions drawn from the discourse of business efficiency dominate: "Is it efficient?" or "Is it saleable?" become more important and more common questions than "Is it true?" (Lyotard, 1984, p. 51). There have been some interesting applications of the notion of performativity to the analysis of education in recent years, and more specifically to changes in universities, and academic work (Currie, 1998). Once again, the applicability of the concept to the contemporary technology of TQM, and performance indicators, to optimise the performance of the university sector and of individual institutions, (in economic and financial terms, rather than in terms of creativity, or knowledge), is clear.

The second key contradiction in modern governance discourse, is revealed when we see how the reality of 'steering at a distance' operates. Once again, it raises the spectre of enhanced control as a major goal of such managerialist mantras. While steering at a distance has been justified, (as has decentralisation of educational administration more generally) by an appeal to autonomy and democratisation, it is reasonable to question whether this is always the outcome. Certainly, it has been argued by many, including working teachers, that decentralisation of schools has largely outsourced the responsibility, while retaining the authority (Welch, 1997; Smyth, 1993). In the recent review of higher education in Australia alluded to above, the reality of steering at a distance became evident—despite all the rhetoric of ceding autonomy to universities—when the Minister attempted to arrogate to himself the authority to intervene directly in the course mix taught within universities. Citing a concern with so-called 'cappuccino courses', the Minister sought to enshrine in the proposed new legislation, the power 'to determine whether particular courses or subjects should be taught to undergraduates, and whether particular Ph. D. topics should be allowed' (Australian, 2003b). It provoked the following response from one of Australia's most conservative former Vice Chancellors:

Institutional autonomy and academic freedom are under threat in Australian universities. Legislation before the Senate, if it becomes law, will give federal politicians and bureaucrats powers of intervention that will threaten the independence of higher learning and research training, and undermine the standing of our universities across the world. ... The issue is not about saving taxpayers' money... The point is not about "cappuccino courses". It is about an unacceptable and unsafe ministerial prerogative... If the bill is passed, all ministers henceforth will be empowered to disallow courses or subjects they don't like, and some minister, one day, will surely abuse that power (Australian, 2003b).

As indicated above, the national chorus of dissent ensured that this element in the proposed bill was defeated in the federal Senate (Australian, 2003c; Financial Review, 2003). At the same time, however, it also tore the mask from the new public sector management mantra of steering at a distance, revealing the much uglier face underneath. It exposed a direct attack on university autonomy, a fundamental element of higher education governance, (as indicated in Table 1, above). In this sense, it illustrated the darker side of Neave's (1996) argument as to the evaluative state. It should be hoped that the Australian state apparatus now draws the appropriate lesson, and refrains from such dangerous and intrusive attempts to control universities, in the future. As in other systems of higher education, faced with many of the same pressures, time will tell.

Notes

1. One fascinating index of the rise of marketisation and privatisation in the public sector has been the linguistic re-invention of individual users of such services to the ubiquitous 'customer', rather than the previous 'student', 'passenger', or 'patient' (depending on the context, and institution).
2. To say this, of course, is to ignore significant differences between the two institutions. In the nineteenth century, for example, when the early universities were being established in each of the capital cities of the individual colonies (the federation of Australia only dates from 1901), Cambridge was more successful in incorporating the mathematics and sciences, (influenced in part by the example of such scientific luminaries as Isaac Newton, who had earlier held the Lucas Chair of Mathematics), whereas Oxford clung tighter to its roots in the classical languages and literature. The definitions of knowledge pertaining in each, however, were less embracing of mathematics and natural sciences than their German counterparts of the time. See inter alia, Welch, A., (1981) 'Curriculum as Institution and Ideology. A Comparative Essay in the Legitimation of Educational Knowledge', *New Education*, 2 and 3, 1,(Pp. 71-83).
3. Only two small private universities exist in Australia—Bond University, and the University of Notre Dame, the latter religious.

4. Pusey, M., (1989) *Economic Rationalism in Australia. A Nation-Building State Changes its Mind*. Sydney, Cambridge University Press.
5. Until the wave of institutional amalgamations of the mid 1980s, the Australian higher education system was dual in character, comprising both the traditional university sector, (which was assumed to be able to accredit its own programmes), and colleges (of education or technology), which were generally more under the control of external bodies, usually state governments (Sheehan 1996).
6. In mid 2001, the renowned London School of Economics in England, announced that it was ceasing to cooperate with the UK system of quality control.
7. The latest organisation to be announced is the Australian Universities Teaching Committee, (AUTC) established in 2000.
8. Each Australian university has had, for some years, a 'Teaching and Learning' unit, (although often with somewhat differing names), whose job includes regular monitoring of courses taught on campus, (including consulting with staff to develop instruments appropriate to the measurement of course effectiveness), and the provision of advice to staff members about their teaching performance (feedback). The measurement of off-campus teaching, perhaps a more complex task, may also be undertaken by such professional units.
9. For example, while research, teaching and administrative and community service are all taken into account for promotional purposes, most Australian universities have long moved to evaluate teaching performance much more rigorously, and have made it possible for staff to apply for promotion on the basis of teaching excellence. Few staff would in practice do so, without also being able to demonstrate research productivity, but this feature acts as a further incentive to enhance teaching excellence, based on systematic evaluation measures.
10. The federal government's claim that this was new funding was belied by the increasing practice of 'clawbacks', whereby such funds were actually drawn from existing higher education funds, and re-specified for new purposes. Universities then had to compete for these 'new' funds, or forego a potential part of their budget. Virtually all universities chose to compete.
11. Results of these rounds quickly became known, and the fact that performance data is now regularly published is an incentive for institutions to try to improve their 'rating'.
12. Research publications were upgraded from 2% to 9%, while the weighting attached to research degree completions surged from 4% to 31%.
13. Ministerial Council for Employment, Education, Training and Youth Affairs, a nationwide council of state and federal government authorities.
14. Mc Kinnon, K., Walker, S., and Davis, D., (2000) *Benchmarking: A Manual for Australian Universities*. (Canberra, DETYA).
15. Even this much proved to be uncertain, since some of the institutions with whom it claimed to have a stable arrangement to accredit its courses, disowned any such agreement.

16. Real per capita funding declined by 11.8% in Australian universities between 1983 and 1991 (Sheehan 1996), and has continued to decline, since.
17. It will be recalled that Winnie the Pooh lived under the name of Sanders—that is he had the name 'Sanders' above his door, and lived under it.

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Concluding remarks on Organizational Reforms and University Governance: Autonomy and Accountability

Futao Huang

As has been discussed in previous chapters, the seminar was particularly concerned with the issue of autonomy and accountability in the participating nations, but also touched on many other important topics concerning organizational reforms and university governance in the four countries.

First, drivers for organizational reforms and governance changes in higher education institutions were identified. For example, as emphasized by Prof. Andy Green and Dr. Terri Kim in their presentations, in many nations, especially in the U.K., one of the significant factors that has affected current university reforms and governance changes has been a change from the classic Adam Smith's theory to Neo-liberalism. Driving forces for higher education reforms vary greatly in nations, but since the 1990s domestic factors in each nation have been more influenced and intensified by globalization.

Second, similarities and differences concerning higher education reforms are examined. Based on reports from Australia, U.K., Japan, Singapore, Vietnam and Hong Kong, (a special administrative district of China,) four similar aspects are identified in a comparative perspective of recent reforms of higher education: diversification of higher education, in particular with a growth of the private sector; implementation of a quality assurance or evaluation system by governments as a major tool, but also with lots of problems and doubts about its quality and influence; introduction of managerialism and competition into higher education; and further internationalization of higher education due to the emergence of higher education as a service or commodity. Furthermore, it is also pointed out that there exist two big differences between countries. For example, in countries like Singapore, Japan and Vietnam, higher education reforms are principally policy-driven and more government-regulated, but with an increasing impact from market forces; whereas in Australia and HK, higher education reforms are basically affected by market-oriented mechanisms but with a growing intervention by government. In addition, according to individual country reports, we can identify three types of higher education as a service. Australia shows an exported-oriented type that is providing much more educational service to nearby Asian countries than the other four nations. Japan, Singapore and HK, on the one hand, they have imported educational programs and service from other countries, mostly from English-speaking countries like the U.S., U.K. and Australia; on the other hand, they are also making efforts to export their education services to other countries, mainly to developing countries in Asia. Vietnam can be regarded as a typically import-based country that has introduced lots of educational programs,

including off-shore campuses and joint programs as well as degree-conferring programs from developed English-speaking countries. These transnational programs are playing an important role in the massification and quality enhancement of higher education.

Finally, speakers and participants dealt with many key issues that are currently affecting and will affect higher education reforms in the future. For example, issues related to local or domestic drives that influence higher education reforms in individual nation-states, and various responses by each nation-state towards the effects on higher education from neo-liberalism or globalization as well as a need for more research at an institutional level in terms of autonomy and accountability.

Outline of Seminar

Organizational Reforms and University Governance: Autonomy and Accountability

Hosted by: Research Institute for Higher Education, Hiroshima University, Japan

Date: December 17-18, 2003 (One and Half Days)

Venue: Faculty Club, Hiroshima University

Program

Wednesday, December 17, 2003

Chairperson: Prof. Yoshihito YASUHARA, Hiroshima University, Japan

- 10:00-10:05 Orientation
Prof. Takashi HATA, Hiroshima University, Japan
- 10:05-10:15 Opening Ceremony
Director Akira ARIMOTO, Hiroshima University, Japan
- 10:15-11:15 *Globalization and the Re-organizations of National Education Systems*
Prof. Andy GREEN, University of London, UK
- 11:15-11:30 Comment
Associate Prof. Naoko OTA, Tokyo Metropolitan University, Japan
- 11:30-12:00 Discussion
- 12:00-13:30 Lunch

Chairperson: Associate Prof. Akiyoshi YONEZAWA, National Institution for Academic Degrees and University Evaluation, Japan

- 13:30-14:30 *Incorporation of National University in Japan*
Associate Prof. Jun OBA, Hiroshima University, Japan
- 14:30-15:30 *Riding over Autonomy and Accountability: Reform of University Governance in Hong Kong and Singapore*
Associate Dean Ka-ho MOK, City University of Hong Kong, China
- 15:30-15:45 Coffee Break
- 15:45-16:45 *Organization and Governance Reform for Strengthening University Autonomy and Accountability in Vietnam*
Research fellow, Pham Thanh Nghi, Vietnam National Centre for Social Sciences and Humanities, Vietnam
- 16:45-17:00 Concluding Remarks
Associate Prof. Akiyoshi YONEZAWA, National Institution for Academic Degrees and University Evaluation, Japan
- 18:00-20:00 Reception

Thursday, December 18, 2003

Chairperson: Associate Prof. Futao HUANG, Hiroshima University, Japan

- 9:30-10:30 *Neo-liberalism, WTO and New Approaches to University Governance: From Reform to Transformation*
Research Lecturer Terri KIM, Brunel University, UK
- 10:30-11:30 *Accountability or Accountancy? Reforming University Evaluation in an Era of Performativity*
Prof. Anthony R. WELCH, University of Sydney, Australia
- 11:30-11:45 Coffee Break
- 11:45-12:00 Concluding Remarks
Associate Prof. Futao HUANG, Hiroshima University, Japan

List of Participants

(as of December, 2003)

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