

## Reforms of Higher Education in Japan

Higher Education Reform in Japan and Germany

International Workshop on Higher Education

14 June 2004

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## Government's Basic Policy for University Reform

- Enhancement of Education and Research's Quality
- Diversification of Universities through Deregulation
- Vitalization of University Management and Operation through Structural Reform of Governance
- Strengthening Evaluation and Competitive Funding as Tools for the Above Policies

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## Incorporation of National University -Main Elements-

- Target-based Indirect Control by Government.
- Concentration of Authority in President.
- Deregulation of Management .

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## Target-based Control Cycle



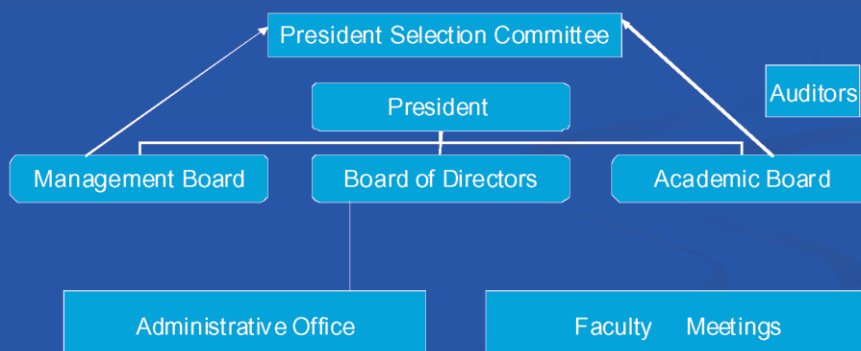
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## Main Features of Target –Based Control

- Target-Setting Based on University's Draft.
- Target & Plan Have Comprehensive Nature .
- Evaluation by Mext's National University Evaluation Committee.
- Evaluation of Education & Research Entrusted to National Institution for Academic Degrees and University Evaluation.
- Results of Evaluation Affect Funding.

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## Structure of Governance



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## Main Features of Governance

- Minister Appoints & Discharges Presidents Based on Decision of University's Selection Committee
- Minister Appoints Auditors.
- President Appoints All University Staffs Except Auditors.
- Only President Can Legally Represent University and Corporation.
- President Has Final Decision-making Authority on All University Management Affairs
- Inclusion of Outside Persons Required in Process of Appointing Directors and Administrative Board Members.

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## Extent of Freedom [Finance]

- Introduction of Block Grant (Formula-based+ Item-based).
  - Some Budget Controls Remain.
  - Audits Strengthened.
- Separate Funding for Capital Grant.
- Standardization of Tuition Fees.
  - From Fixed to Standard Sum — Maximum +10%.
- Freedom in earning & using Non-Governmental Resources.

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## Extent of Freedom [Staffing]

- Change of Legal Status of Staffs to Non Governmental Employee.
  - Freedom from Government's Regulation
  - Legal Guarantee of Faculty's and Senate's Authority in Academic Personnel Matters Repealed.

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## Extent of Freedom [Organization]

- Establishment and Dissolution of Fundamental Organizations such as Departments, Post-Graduate Schools and Research Institutes, Stipulated in Midterm Target.
- Number of Student Places in Fundamental Organizations Stipulated in Midterm Plan.

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## Key Issues for the New System

- How Target-Based Control Cycle Be Operated, and What Effects Will It Produce ?
- To What Extent Should Government's Budgetary Control Exercised ?
- How Can Strategic Management Be Realized ?
- How Can New University Autonomy Be Built ?

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## Reform in Private and Local Sectors

- Improvement of Governance System in Private University
- Introduction of New Corporation System to Local Public University
- Putting Obligation to Undergo Periodical Institutional Evaluation on All Universities
- Putting More Weight on Competitive Funding

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# Recent Higher Education Reforms and the Changing Role of Macro-Planning

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## **1. Steering, Management and Evaluation : The Key Themes of Current Reforms**

### **1.1 The Emergence of new Steering Mechanisms and Managerialisms**

Since the 1980s, we note a movement towards administrative reforms in higher education which has spread across most economically advanced countries and has had a strong impact on the economically less favoured countries as well. Some experts call it “Americanisation”, because it entails a strong managerial role of the university leadership as well as a weak power of the professoriate. But, obviously, this reform movement spread from Europe and this European “touch” of the reform movement is visible in a strong emphasis on new modes of the overall steering and the overall planning of national higher education systems.

Actually, it is generally assumed that the current wave of administrative reforms in higher education started in the early 1980s in the Netherlands (cf. OECD. *Review of National Policies for Education : Netherlands*. Paris : OECD, 1991). Politicians from a broad political spectrum agreed at that time that a new way of steering of the higher education system should be realized between the old traditions of

- strong input planning and governmental supervision on the one hand, which we might call the continental European tradition, and
- a strongly market-regulated system with the universities as the key strategic actors on the other hand, which we might call the U.S. tradition.

In the new Dutch approach to steering and management of higher education, first, government was expected to give up most of its activities of process control and detailed supervision. Instead, government wanted to “steer from a distance”,

- either through target-setting on its own, for example regarding the size of the system, priority areas of research, policies of fostering equality, etc., and
- through output-oriented resource allocation, i.e. funding with a strong emphasis on the numbers of graduates and similar indicators or rewards for institutions faring well in evaluations.

Second, universities were expected to reform the internal decision-making and administra-

tive processes. The previously existing mixed model of collegial and participatory decision-making was substituted by a managerial model with a strong executive power of the university leadership (in the Netherlands an administrative team rather than an individual president) as well as the faculty leadership.

Finally, regular assessment of the core processes and the major outputs became the third corner-stone of the new system of steering and administration. Institutions of higher education were expected to report annually in a way which could be useful for resource allocation, and a system of period evaluation of teaching and of research was introduced. The periodic evaluation of departments and study programmes was designed in a way that it could serve primarily reflection and improvement within the universities and departments ; therefore, government did not link its rewards and sanctions directly to the results of evaluation. But evaluation was a public process which required the universities and departments to respond and to improve, and government made it clear that it observes these responses and that it would step in if no action was visible in favour of improvement.

A few years later, reforms of governmental steering were realized by the British government led by Margaret Thatcher. The traditional block grant funding of higher education institutions steering by a buffer organisation friendly to the values of academia, i.e. the University Grants Committee, was substituted by a new system of steering with strongly targeted financial mechanisms by which

- financial incentives and sanctions were closely coupled with periodic assessment exercises,
- financial rewards were strongly geared to the aims of making higher education more economically and socially useful, of strengthening the entrepreneurial behaviour of higher education institutions and of reinforcing a steeper quality hierarchy of higher education institutions.

As far as immediate supervision of higher education is concerned, the British government remained less regulatory than the continental European governments even after deregulatory steps taken in continental European countries. With respect of target-setting through evaluative mechanisms and resource allocation, however, the British government became a stronger regulatory actor than most other governments in Europe.

Since the late 1990s, however, we note rapid steps towards a change of steering and management in higher education in Germany and Japan. In Germany, many of the actions taken varied between the Länder which are the key actors of setting legal conditions, supervising and funding higher education institutions. Therefore, it is very difficult to describe the extent and the times of the changes occurring all over Germany. In Japan, April 2004 is generally viewed as the start of a new period in the history of higher education when the leeway of action of the national universities was significantly improved, when professors became employers of their



university and when collegial decision-making in higher education was substituted by managerial powers.

## **1.2 Japan and Germany : The Late-Comers of Administrative Reform**

It is fair to say that both Japan and Germany were very slow in turning to the current wave of administrative reforms. When Japanese higher education researchers wrote overview articles on higher education in Japan in the mid-1990s to be published in a journal in the English language in order to reach an international audience (Kaneko, Motohisa and Teichler, Ulrich, eds. "Special Issues on Japanese Higher Education" *Higher Education*, Vol. 34, No. 2, 1997), I was invited to contribute an article in which I could react to these overviews and add my own views. I choose the following title for the last section : "Steering and governance - a low-priority issue" (Teichler, Ulrich. "Higher Education in Japan : A View from Outside", *Higher Education*, Vol. 34, No.2, 1997, 275-298). We argued similarly at that time in an overview article of developments of higher education in Germany in comparative perspective (Kehm, Barbara M. and Teichler, Ulrich. "Germany : System of Higher Education". In Husén, Torsten et al. *Education : The Complete Encyclopedia*. Oxford : Pergamon, 1998, CD-ROM). In fact, we noted in Germany widespread feelings that too high hopes had been placed on administrative reforms around 1970, among others on the establishment of a participatory decision-making model, and that it would be wise now to observe whether the new wave of administrative reforms would be more successful in other countries before taking action in Germany.

This does not mean that the 1990s were a period of stagnation in higher education in Japan and Germany. In Japan, curricular reforms played a visible role, and higher education changed more strongly than immediately visible in the process of declining college-age cohorts and in an increasing ratio of new-entry students. In Germany, the unification of the previously divided two countries triggered off substantial activities of restructuring of higher education and of research institutes in the area of the former German Democratic Republic.

But a cautious attitude prevailed in observing the changes which took place in many other countries. One might be tempted to say that Japan and Germany had been lucky in the past to have been the late-comers of industrialisation ; they could avoid some mistakes of the front-runners and could surpass them after a while. It is certainly true that the majority of the key actors in higher education in Japan and in Germany did not want to be front-runners of reforms towards new steering models, towards the managerial model and towards an evaluative regime. Governments hesitated in changing their role. There was no trust in any superior wisdom and efficiency of university managers, and there was certainly a high degree of mistrust both in Japan and Germany that evaluation could lead to undesirable control.

### **1.3 Japanese Universities on a Move from a German towards an U.S. Model?**

In observing the reform debates in Japan and Germany in the 1990s and now, one can come to the conclusion that the actors of higher education systems in Japan and Germany might have reacted similarly to the *Zeitgeist* of administrative reforms because the power system in higher education in these two countries are similar. We often hear the argument in Japan these days that steering and management of the sub-system of the national universities in Japan (which is strikingly different from the sub-system of private higher education in Japan) is currently on the move from the “German model” of a chair system, from a strong freedom for pursuit of knowledge for its own sake and from a strong supervisory role of government towards the “American model” of a strong university management and strong pressures put on academia to respond to external expectations of quality, efficiency and social relevance.

I like to challenge this view of a move in Japan from a “German” to an “U.S.” model. First, as a German observing Japanese higher education for many years carefully, I note more dissimilarities than similarities between Japan and Germany as far as the “chair system” and power in higher education are concerned. Second, I do not see Japan or Germany moving towards an U.S. model with the university leadership as the key strategic actors but towards a new interplay of powers between macro-strategic actors and the universities. I will comment the first point shortly, whereas the main thrust of the following thoughts will be to understand how the future role of macro-steering is currently envisaged in Japan and Germany.

The traditional Japanese chair system differs from the traditional German chair system, first, in being a stronger organisational unit : There is a fixed number of positions in a hierarchical order within a Japanese chair, which has created the impression that the best academic career in Japan is to serve within a chair diligently to be promoted within the chair from the lowest position stepwise eventually to the professor position. In Germany, the “*Ordinarius*”, the full professor, was not allotted more or less the same number of personal and other resources as his colleagues ; rather, he had to negotiate with the government about his resources. There was traditionally no clear ladder of academic career steps in Germany, and academics were expected to be called to a professorship at a university different from the one where they have been professionally active before that call. Second, the professors in Germany, in contrast to the Japanese professors, conceived themselves very much as independent academics or as members of a certain discipline with little concern for the individual university and the individual faculty. The power in the academic system in Germany rested traditionally with the government on the one hand and the full professors on the other hand whereby the university rectors, the deans of faculties and also the collegial bodies on university level and faculty level had little say. In contrast, the Japanese professors made the faculty as strong as possible and the university president and senate as weak as possible in order to establish a counter-power to government.

#### **1.4 Towards a Convergent Model of Academic Power in Europe and Japan?**

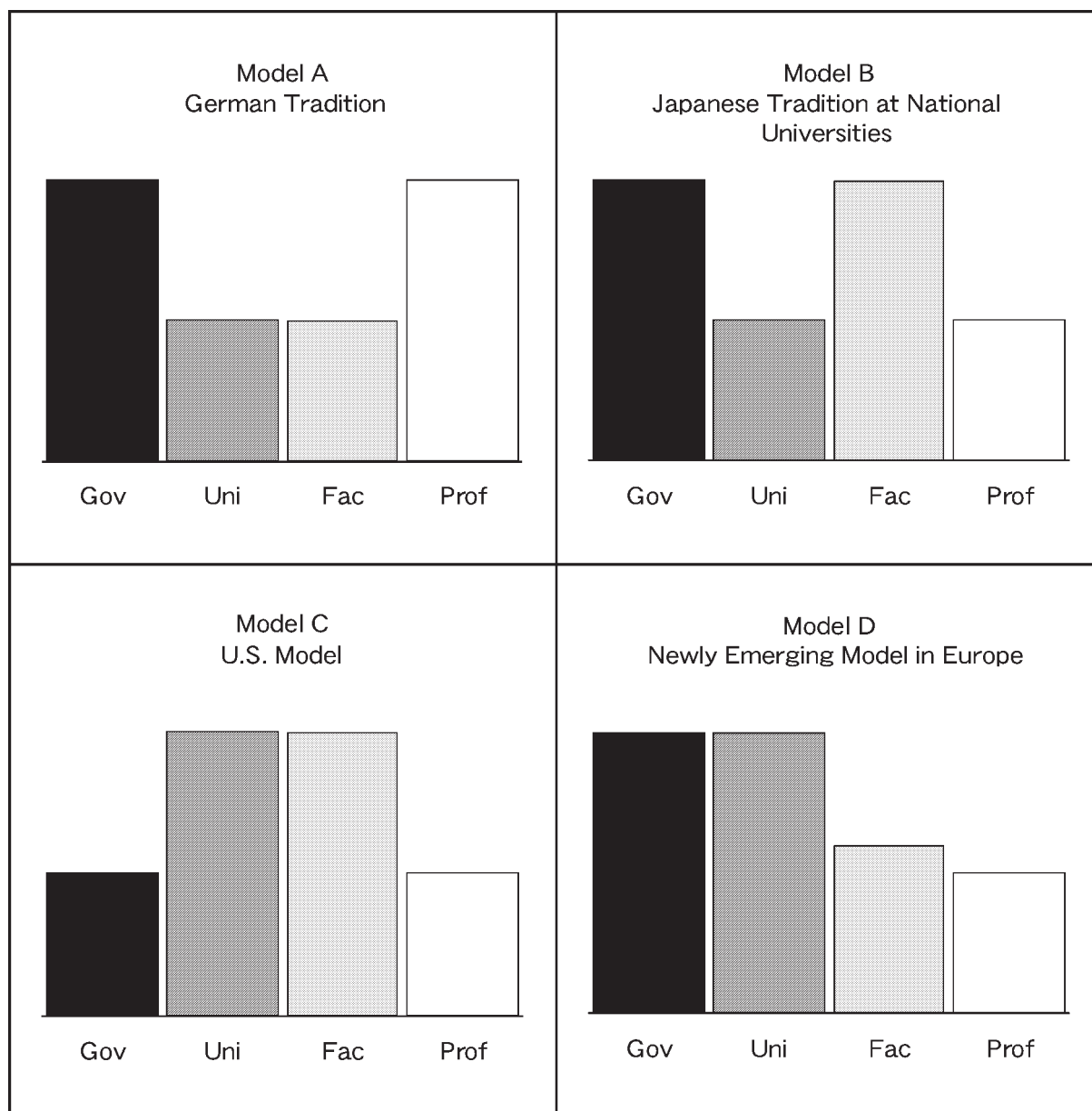
Chart 1 summarizes the previous arguments. In Germany, we observed traditionally, i.e. prior to administrative reforms around 1970s, a strong power of governments and of the professors and a weak role of the university and the faculty (Model A). In Japan, traditionally both the government and the faculty were strong powers, whereas the university leaderships and the individual professors had little say (Model B). The U.S. model is based on a strong power of the university and the faculty leadership, while governments and the professors are viewed as weak actors as far as decision-making is concerned (Model C).

It might be justified to argue that various continental European countries have moved towards a model in recent years which weakens the collegial power of the academics in a similar way as in the U.S. and also increases the managerial power of the university leadership in some countries as well as the managerial power of the faculty leaderships. In contrast to the U.S., however, macro-steering continues to play a substantial role in the continental European country and became much more forceful in the United Kingdom than it had been in the past. A model of power distribution (Model D) emerged in continental European countries which is characterized by complex power balance between the university management and the macro-steering actors, whereby the latter comprise not only the government, but also committees composed by mix of actors, “stakeholders”, etc.

There are indications that the power distribution in German higher education is on the move, slowly for some period and rapidly since the late 1990s toward Model D. It might be justified to argue as well that the power distribution with respect to national universities in Japan has moved in recent years towards model D rather than towards model C.

**Chart 1**

**Models of Academic Power**



Gov : Government ; Uni : University ; Fac : Faculty ; Prof : Professors

## **2. Moves towards “Autonomy” and the Managerial University**

The current administrative reforms of higher education in Japan and Germany could be assessed with reference to the changing role of universities on the basis of the following questions:

- How far is the procedural control of higher education by government reduced?
- How far has the freedom of decision-making of the university been enlarged?
- How strong are the executive powers of the university leaders?

- (d) To what extent are academics strongly guided by a system of incentives and sanctions?
- (e) In which areas is mandatory evaluation introduced?
- (f) How is evaluation linked to improvement, accountability and resource allocation?

A German-Japanese comparison on the basis of these questions is not easy to undertake, because it is very different to analyse the German situation, because most administrative regulations are made by the parliaments or governments of the individual 16 Laender. In the 1990s, the decision was taken to scrap most administrative regulations in the Framework of Law for Higher Education, i.e. the national law for the coordination of the higher education legislation of the Laender, thus increasing the leeway for administrative variety between the Laender.

The aim of this section is not to undertake a comprehensive comparison between Japan and Germany according to the question how far these countries moved in their regulatory system towards the model of a “managerial university”. But a few remarks might be appropriate.

One could argue that Japanese national universities have moved in the year 2004 further to the model of a “managerial university” than the German universities in two respects. Two observations seems to support such an interpretation.

First, the presidents of Japanese national universities seem to be less restricted in their executive power by regular governmental supervision, powers of a board and collegial bodies within the universities than the rectors or presidents of German public universities. One could argue, however, that this does not hold true for all regulations affecting the power of the president. The Japanese Ministry of Education seems to keep a firmer grip on the heads of administration of the universities than the German ministries. Moreover, the long-term planning goals of the national universities are based in Japan on a governmental decree while several German Laender moved towards a contractual relationship between government and universities as far as the long-term planning goals are concerned. In addition, one argue that the power of a Japanese president might to lesser extent depend on formal rights and duties than the power of a German rector or president. It is widely assumed that actions by key persons in public administration and industry in Japan are to a stronger extent determined by conventions and unwritten laws of social communication than in many “Western” countries. Therefore, the question might legitimately be asked whether the Japanese presidents of national universities are given formally almost unrestricted powers in order to have a moderately stronger *de facto*-position in the past, while the German rectors and presidents are given more restricted powers in the assumption that they will seize these powers to the extent formally regulated.

Second, the university professors of national universities in Japan became ordinary employees in April 2004, while the German professors continue to be civil servants as a rule. This certainly suggests that the Japanese university presidents have stronger power in personnel matters with respect to the professoriate than the German rectors or presidents. This does not

mean, however, that government in Germany has a strong supervisory power of professors. Government has a strong role in the appointment of professors because they select them from a ranked list of three proposals made by the university, but the status of civil servants of German university is generally viewed in its combination with the constitutionally guaranteed right of the freedom of research (Freiheit der Wissenschaft) as far more independent than the status of an employee.

### **3. New Directions of Macro-Planning**

#### **3.1 The Managerial University : An Easily Revocable Experiment?**

The new administrative reforms in higher education are more similar across countries in terms of determining the future role of the university management than in terms of defining the future function and setting of macro-planning. Terms such as “New Public Management”, “marketization of higher education”, “strengthening autonomy of universities” or “stakeholder society” suggest that there are varying concepts how strong the function of macro-planning should be, who the key actors of macro-planning are supposed to be and what the key areas of macro-planning are likely to be in the future.

One might argue that we moved towards a new stage of higher education steering and governance in which the power of the university leadership is propelled with terms such as “autonomy”, but where an abundance of regulatory powers “from above” continue to exist and are likely to be activated if the university leadership turns out not to meet the expectations harboured. The university management is expected to contribute to a better balance between the academic freedom and societal demands for higher education under the conditions of an emerging “knowledge society” and to more efficient management of higher education under a growing competition of the various sectors of society for public support than the predecessor regimes in higher education. If the “managerial university” fails, these rights and duties might be revoked easily.

#### **3.2 The Future Key Actors of Macro-Planning**

In looking at the current international debates on steering and management in higher education, we can identify four scenarios of future macro-planning.

- The decentralized scenario : According to the first scenario, the universities are the ultimate strategic actors of the future. The higher education is an agglomerate of universities each fostering its own profile without any major driving forces on the macro level.
- The market scenario : According to the second scenario, macro-steering takes place through the “invisible hand”. The universities try to position themselves on markets (labour markets, student consumer markets, research and development markets, etc.), and the



overall shape of the system thus emerging mirrors the composition of the various market forces. The role of the government is to create frameworks which help to unfold the market forces.

- The government as strategic actor-scenario : According to the third scenario, government becomes a more targeted strategic actor with regard to the character of the higher education than ever before. At times government had many instruments of shaping higher education through procedural regulations and controls, small steps of intervention could be taken at any time without elaborate strategic reasoning. When government reduces these procedural controls and strengthen university management, it has to turn to major strategic options and decisions in order to shape higher education through target-setting and framework-setting.
- The mixed macro-actor scenario : According to the fourth scenario, the “visible hand” of macro-planning is based to a greater extent than in the past on the communication between various actors. The concept of the “stakeholder society” is based on the assumption that the various actors in society do not expect anymore that governments themselves make more or less wise decisions by having in mind the multitude of views and interests of those who have a stake in certain policy areas, but that these actors demand more say in the deliberation and decision-making processes. The increasing role of “boards”, “expert committees” etc. is indicative for this scenario.

Looking at the actual processes taking place, we note in most countries mixed models. In some respects, a decentralized system is emerging. We observe some mechanisms aimed at strengthening market regulation. We note areas in which government seizes a dominant strategic role, and we observe an increasing role of boards, councils and “expert” assessments. Yet, it is worth asking whether the centre of gravity of macro-planning varies between countries and what the causes are for these differences.

### **3.3 Major Areas of Macro-Planning**

In comparing recent developments of higher education systems in which governments reduced procedural control or supervision of higher education and strengthened the role of university management, we note certain persistent areas of macro-planning, i.e. areas in which not necessarily all but certainly a substantial number of countries preserve a strong coordinating role for the higher education system as a whole.

- The quantitative development of study places - overall or with respect to certain fields of study, types of higher education institutions and programmes - tend to remain an area of macro-planning. Even though much is left to labour market forces, students’ options and policies of individual higher education institutions, there is a multitude of ways through

which governments played a steering or regulatory role in the past, and this role is preserved in most countries, even if the steering and regulatory mechanisms change.

- In a similar way, we observe mechanisms of macro-planning of the configuration of the higher education systems. The degree of homogeneity and diversity of higher education systems tend to be influenced by mechanisms of macro-planning.
- Mechanisms of curricular coordination vary between countries as far as the extent and the modes of coordination are concerned. In some countries coordination takes primarily place through curricular frameworks, in others through evaluation and accreditation. In some countries, government is the ultimate actor, in others the higher education institutions collectively or the professions. In some countries, coordination is similar across fields of study whereas in others the extent and the modes of coordination differ substantially by field. When governments move towards reduction of procedural supervision and towards a strengthening of university management, the mechanisms of curricular coordination are softened in some countries, but we do not note a general trend towards complete decentralisation or complete market-regulation in this respect.
- Public research promotion does not change substantially in the wake of the reforms of steering and management of the higher education systems. Some areas of research promotions are determined by thematic priorities, while others remain open. And even in the open areas of research promotions, the prerequisites for award and the criteria set often entail stronger elements of macro-planning than many actors and observe are aware of. The modes of research planning do not seem to change substantially, but the increasing references to “knowledge society” and “knowledge economy” can be interpreted as calls for a stronger need of ensuring the social relevance of research and thus possibly for stronger macro-planning activities in the area of research.
- In all countries, public support for higher education institutions is not completely transformed to indicator-based funding according to the “performance” of the universities, but a need continues to be felt of undertaking targeted decisions at least for major areas of investment, for example a large-scale construction of buildings or the purchase of costly machines.

One might argue that the thematic list of macro-planning has not changed substantially in most countries in recent years.

## **4. Experiences in Germany**

### **4.1 The Federal Setting**

In Germany, as already pointed out, the major actors of supervision and funding of higher education are the governments of the Länder. In most areas of macro-planning, however, a need is felt to reach a common understanding or even a joint action for the country as a whole.