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University Governance Reforms — Putting the Japanese Experience into Perspective

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CONTENTS

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Foreword.

This report was basically written when I was a Visiting Professor at the Center for National University Finance and Management in August 2009. I thank my hosts – professors Yamamoto, Mizuta and Maruyama - for their hospitality and support. Without their firm academic guiding and our fruitful discussions I would never have been able to get so much knowledge about the Japanese university system and reforms. I hope the report will provide a basis for further collaboration on comparative university governance and reform and also participate in reaching out to the wider scholarly community in this field of research.

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Introduction.

Public-sector reforms have been dominated over the last 20-30 years by two rather different trends. First, New Public Management (NPM) reforms were introduced in Australia and New Zealand in the early 1980s, subsequently spreading to other Anglo-American countries and then more widely around the world. NPM was built on the notion that there were three major problems in the public sector – efficiency, participation and legitimacy (Boston et. al. 1996). The recipe for dealing with these questions was a mixed bag of reform elements based on a combination of new institutional economic theory and management theory and encompassing a structural reorganization of the public sector vertically (devolution) and horizontally (role purification), a greater focus on markets, competitive tendering and privatization and more emphasis on service provision and consumer-orientation (Christensen and Lægreid 2001a). NPM was pushed through by governments in many countries, but the depth of the reforms – and hence the extent of change in practice – has varied quite a lot in line with differences in structural constraints, cultural traditions and environmental pressure (Christensen and Lægreid 2001b, Pollitt and Bouckaert 2004, Wright 1994).

The effects of NPM are disputed among academics, depending on their analytical perspective and the discipline from which they come and also on which elements of NPM they focus on, which differs from one study to another. A main trend among PA researchers is to stress the effects of NPM on the relationship between executive leaders and subordinate levels and leaders, i.e. the influence pattern. The conclusion is often that NPM has contributed to an undermining of the political control and capacity of the executive political leadership and has increased the influence of administrative and corporate public leaders (Christensen and Lægreid 2001b, Gregory 2001 and 2003, Pollitt and Bockaert 2004). Another, often more economically oriented camp of researchers stresses that NPM has made public services more efficient and role relationships clearer, and has enhanced transparency and accountability, etc. (Boston et al. 1996).

The second main reform trend emerging in the late 1990s, which also originated in Australia and New Zealand and spread around the world, could be labeled post-NPM (Christensen, Lie and Lægreid 2007). The background to these reforms was mixed, partly reflecting political executives' fear of losing capacity and influence and their dissatisfaction with the efficiency outcomes of NPM, but later also the general feeling of insecurity prompted by terrorist attacks, tsunamis, and pandemics, and most recently by the financial crisis as well (Christensen and Lægreid 2007). The post-NPM recipe for treating the ailments of NPM and other challenges has been to increase central control and capacity, partly through vertical integration, as well as to intensify cross-sectoral collaboration and coordination, or a combination of the two. The slogan has been to bring the system that NPM fragmented back together again, finding a Third Way, as in the UK, or furthering

a whole-of-government approach, as it is called in Australia (Gregory 2003, Halligan 2006 and 2007, Richards and Smith 2006). NPM did not disappear when post-NPM came along, but is still relatively strong. It has, however, been somewhat modified and been combined with post-NPM in a multi-layered system (Christensen, Lie and Lægreid 2007).

Reforms of university governance are in some ways likely to reflect the more general reform trends in the political-administrative system and society. However, since the higher education sector has its own very particular organizational and cultural traditions, shaped by the requirements of very specialized professional knowledge and academic freedom, there are also reasons to believe that general reforms are not very compatible with these and therefore difficult to implement in this sector. University reforms around the world have often therefore been characterized by a tension between two rather different and generalized views on universities. One of these says that higher education institutions, including universities, must be judged and measured according to the same standards as other public organizations, and that universities not only have a role in a knowledge economy but also in the economic development and growth of a country (Godin 2003, Paradeise et al. 2009a, Ramirez 2006). A rather different view, often voiced by leading scholars, is that universities are so traditional and special that they should be left largely untouched by modern reform inventions like strategies, performance-management, incentives, bench-marking, etc. The latter view also stresses that good research is not easily organized and that academic freedom is a basic value that should not be tampered with.

This report comes at a time when public reforms in general and university reforms in particular are causing a certain amount of turbulence. The first research question posed is how can we understand university governance and reforms? In other words, what kind of explanatory approach or analytical perspectives might be fruitful for understanding the dynamics, content and effects of university reform processes? Our approach is a transformational one, stressing that the leeway of political and administrative leaders in reform processes is defined by a combination of structural-instrumental, cultural-institutional and environmental factors (Christensen and Lægreid 2001a). Second, what are some of the main trends in university governance around the world? And what main ideas and principles underly them and what are some of the more specific reform measures used? Third, we look at the university reform Japan implemented in 2004 and ask what characterizes its background, content and potential effects compared with university reforms in other countries? Fourth, using a transformative approach, how can we analyze and understand the university reform trends as a whole and the case of Japan in particular? Fifth, what are some of the future challenges and questions for university governance?

Perspectives on university reform.

The first perspective in a transformative approach to the study of public-sector organizations and reform is a structural-instrumental one (Egeberg 2003, March and Olsen 1983). According to such a perspective, the structural design of public organizations is important for fulfilling collective public goals, and reorganizations will reflect changing goals. Hence, formal structures are considered to be instrumental in channeling the thoughts and actions of decision-makers in certain directions (Gulick 1937, Simon 1957). There are two crucial preconditions for using organizational design as an instrument in public organizations. One is that the actors must score relatively high on rational calculation, another that they may be able to control the reform processes (Dahl and Lindblom 1953). Rational calculation refers to the quality of organizational thinking. Do the decision-makers have good insight into how different ways of organizing can further certain goals, or is their thinking ambiguous, inconsistent or wishful? The question of control addresses whether the leaders are able to control the making and implementation of reform decisions or not. Clear thinking and strong control is the ideal, while other combinations like clear thinking and lack of control, or sloppy thinking and strong control are certainly possible and indeed common.

Such a perspective on university reforms will focus primarily on formal organizational factors, like how the relationship between superior ministries and universities is organized (affiliation form) and what the proposals are for changing it, including different ways of steering various functions or tasks, but also how the universities are organized internally concerning their decision-making bodies and administrative-economic structure, including financial/incentive and scrutiny systems.

A cultural-institutional perspective on public organizations and reforms stresses that administrative-cultural traditions are important (Selznick 1957). Most public organizations develop institutional features (consisting of informal norms and values) over time through a process of institutionalization, which is characterized by adaptation to internal and external pressure (Christensen and Boin 2008). This process produces specific institutional features or what might be called a cultural profile and soul, which is important for understanding the thoughts and decisions of actors. Path-dependency means that the cultural roots that a public organization develops in its early years will heavily influence it during its later trajectory and development (Krasner 1988). The notion of cultural compatibility is important for understanding how reforms are handled in public organizations. A reform that is rather compatible with the basic cultural norms and values in an organization would be implemented rather easily, while a reform that is confrontational would be more likely to be bounced back, modified or only partly implemented.

Using such a perspective to study university governance and reforms means to focus on culture instead of formal structure. This may involve looking at the main ideas and principles of university reform to see what kind of underlying norms and values they represent, and how compatible these

are with cultural traditions. It may also involve examining whether university reforms are aimed at changing a university's culture. A third approach is to focus on particular reform elements to see whether they might have a differentiating effect on the major cultural norms and values in the universities. This may also imply that university culture is not one homogeneous set of norms and values, but reflects a variety of tasks and subcultures, since universities traditionally have been characterized by structural fragmentation or loose coupling (Cohen and March 1986, March and Olsen 1976).

According to an environmental perspective, public organizations respond to two types of environment: the technical and the institutional environment (Christensen and Lægreid 2001a, Meyer and Rowan 1977). The technical environment concerns the dealing with the internal technical part of an organization. In other words, it is about productivity, efficiency, services, etc. For example when a ministry gives a university money and makes a plan for how that money should be spent, it expects the university to report the outcome and whether the money has been spent according to plan. If there is a tension in this technical relationship or increasing turbulence or crisis in the environment, this may further internal technical and structural changes.

The institutional environment is characterized by being non-instrumental. In this environment myths and symbols are developed and transferred to public organizations. For example, it comes to be taken for granted that certain ways of organizing public organizations are superior and good (Meyer and Rowan 1977). The process of spreading such ideas, often in the form of models, prescriptions or standards, is often influenced by international or national 'certifying' organizations acting as reform entrepreneurs. Myths and symbols may be broad and encompassing, or else they may be much narrower and limited to certain reform elements or institutional standards (Røvik 1996 and 2002).

In the literature there are different views on how deterministic the environment is for the internal life and decision-making processes of public organizations. Those who are strong believers in determinism may argue that organizations are 'prisoners' of their environment, whether technical or institutional (Olsen 1992). Others may be of the opinion that organizations are in a dynamic exchange and relationship with their environment, and will therefore have a certain amount of influence over the technical and environmental conditions with which they interact.

An environmental perspective on university reform will first of all focus on whether actors in the environment, like the superior ministry, are exerting pressure on the universities to reform, or whether reform is partly self-initiated. Such a perspective will also ask whether there is more general economic, social or political pressure or crises triggering university reforms, or influencing certain parts of the reforms. A focus on the institutional environment would involve discussing whether myths, symbols and ideas from the environment play a vital part in reforms.

Comparative development features in university governance and reforms.

Some main features of the process dynamics.

The reform processes related to modern NPM-inspired university reform have often been rather top-down, with the political-administrative leadership controlling the processes, in some cases supported by parliaments, the business community or regional/local government (Christensen and Lægreid 2001b, Christensen, Lie and Lægreid 2007, Gregory 2001, Pollitt and Bouckaert 2004). The universities and their organizations have not always been very enthusiastic about reforms, and the academic faculty and their unions even less so, while administrative staff have been more supportive (Paradeise et al. 2009a, Yamamoto 2004). The reform processes can thus be seen as products of coalition and negotiation processes. Internally the reforms have created some tension between the administrative and academic staff, and the academic staff have tended to carry the torch for academic freedom, reflecting path-dependent resistance towards the reforms (Paradeise et al. 2009b). A general argument often heard from the professors about university reforms is that they are not sensitive to the traditions and special characteristics of the universities.

Changing principles and ideas.

The last few decades have seen a transformation of the notion of universities – from a perception of them as a deeply specialized type of professional organization, built on specialized knowledge, academic freedom and collegiality, with an elitist character – to a perception of universities as being almost like any other type of formal organization (Ramirez 2006). This generic argument, indicating that universities should not be treated in any special way, reflects the global standardization or rationalization process going on and the imitation by the public sphere of private organizational models. Those processes are both broader and more specifically related to universities at the same time.

Allison (1983) argued strongly that 'public and private organizations are similar in all unimportant respects', and that was for a long time the dominant view of public decision-makers and scholars. This view has changed considerably, and the perceived opinion in public discourse is now that the similarities between the two types of organizations are more dominant. One central implication of such a redefinition of universities is that they should be treated in a similar way to other organizations, regardless of their different cultural traditions and formal structures and tasks. A crucial question is, of course, whether the changing notion of public organizations in general, and universities more specifically, will also lead to formal and cultural changes, not to mention changing practices. For there is no guarantee that ideas and reality will be closely connected (Christensen et al. 2008).

Ramirez (2006) sees the rationalization of the university as an organization as related to more

efficiency and profit orientation, and to an increasing focus on new managerial logic, but also to three long-term broad developmental processes. First, the universities are becoming broader and more socially inclusive, reflecting the substantially increasing number of students (mass universities), but also through admitting an increasing number of women, making the elitist profile difficult to maintain in countries with a history of gender unbalance (Maasen 2008, Paradeise et al. 2009a). Secondly, the universities are becoming more socially oriented, with a shift in emphasis in the notion of knowledge to more practical and professionally useful knowledge, including an expansion of social science. Thirdly, universities are becoming more organizationally flexible. In a bid to project a 'modern' image, universities are offering students more choice and more flexibility to develop their talents, thus seeking to make themselves attractive to a broader body of students. They have also evolved a more flexible relationship with society, by diversifying their contacts and activities with the public and private actors, for example, with respect to research, and are therefore drawing their resources from a greater range of sources (Paradeise et al. 2009b). There is an underlying argument of isomorphism here (see DiMaggio and Powell 1983), i.e. universities are becoming gradually more similar in many ways. This can either be seen as an argument based in institutional theory, namely, that there are global and national culturally oriented processes working to this end, or as a more instrumental argument, as exemplified by the Bologna process as a more specific standardization process (Meyer, Ramirez, Frank and Schofer 2007).

Coming back to the connection between reform trends and redefining universities, New Public Management builds very strongly on this new notion of public organizations, and modern university reforms have therefore reflected the more general reform trend. For some time a major argument was that certain policy areas, like education, health and social services, were less suitable for NPM reforms but this argument has not prevailed, so NPM has also been implemented in these areas, albeit somewhat later in many countries (Gregory 2003 and 2006). In accordance with NPM, university reforms have been strongly oriented towards efficiency (Ferlie and Musselin (2008), although it has never been quite clear what is really meant by efficiency in an institution like a university, for example, with respect to research activities. The overall argument of efficiency is coupled with an argument of responsibility or accountability (Amaral 2008). Universities are obliged not only to be more accountable to the superior funding unit, the ministry, but also to various stake-holders in society, including private actors. Accountability is also related to increased service-orientation towards students as customers.

As is generally the case with NPM, the efficiency argument with respect to the universities has political-ideological overtones and implies criticism of the public sector's approach to efficiency, participation and legitimacy. Concerning universities this argument is certainly related to the increasing demands being made on resources as the profile of universities changes from that of elite institutions to mass ones as well as to reduced spending per student, economic stagnation and less

political willingness to give priority to education over other policy areas (Paradeise et al. 2009b). Another important factor is the changing notion of the societal function of higher education, related to the knowledge-based economy, economic growth and increased attention to the needs of the labour market (Goodin 2003). Taken together, these factors seem to further university reforms in general and to encourage new ways of organizing higher education institutions.

The combined efficiency and accountability argument is also of a symbolic kind. After all, one can scarcely argue against the view that universities, like any other public organization, must use scarce money in an efficient and responsible way. It has not been easy to argue that university activities are primarily about teaching and research, and that by their nature neither of these activities lends itself well to a primary focus on efficiency. The big question is, of course, how this general goal of efficiency may be achieved. The answer from the NPM camp to the universities, as indeed to other types of public organizations, is that they should become more professional in their management orientation, i.e. they should make greater use of modern management principles (Paradeise et al. 2009a). This naturally has several other implications for specific reform elements, as will be shown below.

University reform is rarely about directly changing the culture, but rather more about indirectly changing the mentality. Instead of the dominance of internal norms and values related to specialized knowledge and academic freedom, so the argument goes, universities and their academic staff should reorient themselves towards the environment and become part of a knowledge economy (Godin 2003). It is not always clear what the implications of this are, but there is pressure to move in that direction – pressure that is often accompanied by a lot of myths and symbols.

As mentioned, when NPM was first introduced it was held not to be applicable to certain policy areas, because NPM was seen as culturally incompatible with their complex task structure and diverse values (Gregory 2001). This obstacle was swept away, however, and those arguing for NPM-like reforms in universities won the day, at least when it came to using myths and symbols. It was taken for granted that universities also needed to adapt to the efficiency requirement. When it all started NPM was certainly a mix of technical demands and needs on the one hand, but also a lot of ideologies and myths on the other, and this has been reflected in university reforms.

Specific structural reform measures.

There are some very typical NPM-inspired university reform measures that have been introduced in many countries around the world. They might be seen as a repertoire of reform measures that has been used to different degrees in different countries, i.e. combining convergence and divergence (Paradeise et al. 2009b: 219-220). First and very important, in many cases universities' formal structural affiliation with the central public authorities has been changed.

Before modern university reforms started during the last decades, universities were often administrative bodies, either with a special status or seen as an extension of the ministries, i.e. they have formally had a rather close and integrated connection with the ministries of education and research.[1] Analytically this can be characterized as scoring low on vertical inter-organizational specialization (Christensen et al. 2007). The modern university reforms have changed their formal affiliation in a much more specialized direction, increasing the formal distance between the ministries and the universities. This increased distance has taken different forms, making the universities like either agencies, public enterprises/corporate organizations (SOE) or foundations, but the basic point is that the formal autonomy of the universities has increased in one way or another (Paradeise et al. 2009a). The universities with an agency form have less formal autonomy than the ones with a corporate or foundation form, but more autonomy than they had with an integrated solution. Quite often we find hybrid forms in university reforms, where elements are taken from different affiliation types – as in Japan, where the reform combines an agency and a more corporate type of affiliation, or Norway, where a more traditional bureaucratic form of affiliation is combined with elements from the agency and corporate forms when it comes to appointing external representatives and using modern budgeting, performance-management and accounting.

In the rhetoric around university reforms their increased autonomy is stressed, while the control side is played down (Amaral 2008). The reality in most countries is that the reforms have tilted the balance on the central control-autonomy dimension, somewhat in the autonomy direction. However, what the government concedes in autonomy with one hand, it has to some extent taken back via control measures with the other. So there is definitely a dynamic and potentially tension-filled relationship between control and autonomy, making it rather difficult to judge the actual autonomy of universities following modern reforms.

Overall, modern university reforms seem to give universities more formal freedom with regard to some major functions, even though actual freedom, as mentioned, will vary (Paradeise et al. 2009b). Universities have considerably more formal say in deciding on their budgets, and they normally now get their money in a lump sum. This generally gives them more discretion than before, when money from the government was allocated on a line-item basis and much more ear-marked. Second, universities have also increased their control over their real estate and over the property they own and administrate. In connection with this many universities have had to start charging internally for use of offices and other space. Third, they have acquired greater freedom to decide on their own internal decision-making structures and management. At the same time, following the reforms the universities are now much more under scrutiny than before. They are held more accountable, which involves reporting more to the central authorities, often the ministries. Strategic steering has in many cases been introduced, which involves formal goals, plans,

letters of intent from the ministries, performance management, more reporting from the universities of results, etc. As a result the so-called steering-dialogue between ministries and universities has become much more formalized and intense than before the reforms. In addition, the basic dependence of the universities on the overall laws/rules regulating them, and the power of the central purse has not diminished after the reform. There is also a stronger emphasis on auditing and evaluation, making new external actors significant for university steering.

The balance and tension between increasing autonomy on the one hand, and continued control of the universities and external depencence on the other, is rather evident in the simple fact that in most countries the university reforms have made universities more dependent on sources other than the basic public funding. In other words, a process of diversification has taken place regarding funding (Paradeise et al. 2009b). One logic behind this is a changing notion of the universities as totally reliant on public funding, reflecting increasing scarcity of public money for higher education, or less political willingness to allocate such funding, but also the attitude that universities should be more independent in this regard. Another line of reasoning is that universities should be able to be more efficient after the reforms and should therefore need less money from the government. In some countries, like Japan, the government has put additional pressure on universities to be efficient by cutting their basic funding (Yamamoto 2008).

In many countries, such as in Europe, university funding is often public. Even in countries with a large share of private universities, the government is an important source of funding. The funding of public universities has not changed dramatically as a result of the reforms, and probably less so in Europe than in other parts of the world. There is, however, now more pressure (and incentives) to obtain funding from sources other than the public purse. This generally makes universities more vulnerable and more dependent on the environment. Universities have always managed to obtain research money from sectoral ministries and agencies, but there now seems to be much more competition for these resources. The same goes for resources channeled through research councils, which probably favours universities that are strong on research (Mizuta and Yanaguira 2008). Competition for private research money has also increased. Not all public universities have tuition fees, but the reforms have put pressure on the ones that do to raise their fees, albeit within government constraints. In countries without tuition fees there has been more public debate since the reforms about introducing fees.

Another important factor in balancing central control and autonomy is that the reforms have introduced or strengthened the tendency to have external representatives on the boards and councils of the universities, which overall diminishes the representation and influence of internal representatives (Enders et al. 2008). There have been few comparative systematic studies of this representation, but the majority of the representatives seem to come from the business community, although there are some from other higher education institutions, from cultural institutions, from

the media, etc. A few countries also have representatives from the central government on these boards, a feature that is, however, regarded as inappropriate in most countries.

It is not obvious how to interpret this tendency. One interpretation is that these external representatives are meant to be representatives of central government, which would provide a counterweight to the increased formal autonomy of the universities. Another, more governance-related way to look at it is to say that the representatives should enact control more generally on behalf of the public, and in this respect be independent of the central authorities. A third definition, and probably the prevailing one in countries with a more corporate university form, is that the representatives, often business people, should participate in helping the universities to be run in an efficient way (Bleiklie and Michelsen 2008). All the definitions break with the traditional notion of independent universities run by professors and based on collegiality, but the last one will certainly be the least consistent with the traditional university culture in many countries,

Many universities around the world have undergone changes in their internal steering and management systems. Traditionally universities have often been seen as loosely coupled entities, with a small administration, dual hierarchy structure, strong professors in collegial collaboration, little emphasis on strong formal leadership, a lack of plans and strategies, etc. (March and Cohen 1986, Paradeise et al. 2009b). Overall the university administration, now often relabeled management, has become larger and more professional on all levels. The reform arguments for this have been two-fold. One is that a more professional administration with greater capacity is needed because of more scrutiny from and the obligation to report to the superior ministries, more contacts with other external stake-holders, but also because of the greater demands being made on the internal administrative system. The latter is related to the greater emphasis being placed on internal strategic steering, performance management, incentive systems, reporting systems, etc. Particularly over the last decade there has been an overall increase in the managerial orientation, as evidenced by the development of strategic plans, performance management and incentive systems, a more conscious HRM focus, more focus on internal resource allocation systems, the issuing of reports on teaching and research activities, new accounting and audit systems, etc. Although it is often said that universities have gained much more autonomy in defining their own internal management structure, there is a clear tendency towards isomorphism across countries in how this new governance structure is organized.

Traditionally, the university organization was characterized by a dual hierarchy, one for the academic faculty with its elected bodies and positions, and one for the administrative-economic staff. The university reforms have generally changed this system into a so-called united leadership system with appointed leaders, which very much caters to the general NPM-orientation and new internal management focus (Maasen 2008). In reality, however, universities in many countries now have hybrid systems, enabling them to combine the new and the old system in certain respects.

Norway is one example of this, where it is up to the individual university to choose whether to have an elected or appointed leadership at various levels.

The internal system of elected bodies in universities has also changed, or at least the pace of such ongoing changes has increased as a result of the reforms. Traditionally universities had representative bodies on each level and there were close links between the levels, i.e. the chairs constituted the boards on the faculty level and the deans the boards on the central level. But this arrangement is now long gone from most universities. Elected bodies at the various levels are now more disconnected and have a more varied set of representatives, particularly weakening the traditionally strong representation of professors. As a substitute for lack of connection between levels, there is often some kind of informal or 'shadow' body of chairs or deans. These are often both criticized for having too much influence and simultaneously seen as making the system run more smoothly. They also represent hybrid elements of university steering.

Studies of university reforms often conclude that they produce more powerful presidents or rectors and that their roles have changed to that of intermediaries in the complex set of relationships with senior university management, deans/chairs and superior public authorities, and sometimes various societal actors as well (Paradeise et al. 2009b). Whether this conclusion is correct, however, is a moot point. While it is obvious that presidents/rectors have become stronger relative to the ordinary academic staff as a result of changing representative structures, increased management orientation and a more demanding environment, it is less obvious that this is the case relative to the new and powerful university management. This relationship could in some ways be characterized as dual, i.e. the academic and administrative leadership have both increased their relative influence. However, there is also a good case for arguing that the leadership as such on all levels is much stronger, and the question is therefore more about the relative power of the two groups of actors. A more professional university management with greater resources at its disposal might be an indication that management has gained the upper hand, but one could also regard the two groups as increasingly cooperating.

The dual reforms of changing the form of affiliation between ministries and universities and making internal changes in governance systems at the universities, whether in the management system or in decision-making bodies, are closely related (Paradeise et al. 2009b). Changes in the form of affiliation could be seen as a precondition for increased internal autonomy, professionalism and managerialism, but also as increasing the potential for superior authorities to control the universities in new ways, or at least to put different types of pressure on them (Paradeise et al. 2009c: 228-230). The new structure could, however, also be seen as ambiguous concerning its effects.

The Japanese university reform in a comparative perspective.

Until World War II, Japan followed the nineteenth-century German university model, characterized by strong faculty autonomy over the curriculum, degrees and the appointment and promotion of academic staff (Goodman 2005, Hirose 2004, Okada 2005). This was a stratified and differentiated system headed by the imperial universities, but from the 1920s private and other public higher education institutions gradually attained university status (Itoh 2002). Many of the imperial universities tried to defend their privileged status and opposed major change after the 1947 Educational Reform, which conferred university status on a wider range of institutions and basically standardized the higher education track and made it more egalitarian, although the system was still rather stratified. In the post-war period Japan adopted the American university model, but retained some features of the German model as well.[2]

The power of the minister of education was reestablished during the latter part of the 1950s parallel to emerging reforms of accreditation, differentiation of the system, changes in the curriculum, etc. In the 1960s and 1970s higher education was made available to the broad masses. This was reflected in the changes made at that time as was the role of higher education in economic growth, which led to greater differentiation and flexibility, more planning, the establishment of some 'experimental universities', a strengthening of the graduate school orientation (quality focus), etc. (Itoh 2002).

Historically, the Japanese university system is even more diverse than the American, and certainly has a much stronger tradition of centralized oversight (Hirose 2004, OECD 2006). The traditional strong control of the Ministry of Education over the establishment, structuring and operation of the national universities is a reflection of their formal status as branches of the ministry until 2004. Oversight has definitely taken the form of bureaucratic steering, and the legal basis for the different types of universities has been diverse. Reforms of the university system in Japan from the late 1980s, which were often characterized by the introduction of more competition and evaluation, but also by cut-backs and a focus on efficiency and administration, are seen as a way of coping with the problems of the basic model (Itoh 2002). A gradual, but not very strong decrease in ex ante oversight emerged during the 1990s, when universities gained more internal control over organizing teaching and research, combined with having to compete more for research money. But this also resulted in compulsory third-party ex post evaluation emerging during the last decade (Goodman 2005). The period leading up to the reform in 2004 was characterized by tensions between deregulation, autonomy and choice seen from the institutions' perspective, and (re)regulation, scrutiny and evaluation from the Ministry of Education.

The background to the recent reforms in higher education institutions is a sense of crisis, a feeling that these institutions are partly responsible for the trend towards stagnation in Japan,

combined with a decrease in the number of students seeking higher education. This has made it easier for the Ministry of Education and the leaders of higher education institutions to push for change and efficiency increases (Itoh 2002, OECD 2006, Yamamoto 2004). The introduction of Independent Administrative Institutions (IAIs) in 2001 also opened the way for increased autonomy for universities.[3]

Japan joined the countries implementing an NPM-like university reform rather late, which reflects its status as a 'reluctant reformer'. This happened in 2004 when the national public universities became so-called National University Corporations (NUCs).[4] The overall assessment of this reform is that it very much reflects international trends. The main idea behind the reform was a generic notion of the universities, with more emphasis on efficiency and international competitiveness (Hatakenaka 2005). It is also important to stress that the university reform is somewhat limited. Although it has affected some of the best and most famous universities in Japan, it does not include the private universities, which account for around 70-75% of students, or the local public universities.[5]

Yamamoto (2004) has analyzed the coalitions of actors supporting and opposing the reform on the basis of different interests. The supporters were primarily politicians from the ruling Liberal Democratic Party, from the Management and Coordination Agency, and neoclassical economists educated in the US. They were motivated by a combination of wishes for government reform and an espousal of a universal and differentiated system of economic support for the universities. A second group of actors were from the Ministry of International Trade and Industry (MITI, later METI) and the business community, who advocated public funding of the R&D activities of universities as a way of increasing the country's international competitiveness. The Ministry of Finance also belongs to this group, although it focused more on private business funding for university research. The third group consists of two councils belonging to the Cabinet Office, supported by PM Koizumi, which have focused on corporatization as a first step towards privatization. The opponents are primarily the Japanese Association of National Universities and the National Union of Higher Education Staff. One of their main reasons for resisting the reform is that they fear that it will undermine their autonomy.[6] They fear that if the Ministry of Education, Culture, Sports and Technology (MEXT) sets the universities' goals, this will effectively remove the planning and policy functions from them. They also see the ministry's evaluation committee examining the universities as potentially undermining their autonomy. In addition they fear that the reforms will lead to down-sizing through corporatization, increased tuition fees and increased social inequality in student admissions. MEXT initially took a consultative approach, but was pressured by the political environment to move faster and to adopt a more top-down approach in implementing university reform. In its attempts to balance autonomy and control, rhetoric became a prominent feature (Yamamoto 2004).

The change in form of affiliation introduced by the 2004 reform sounds like corporatization, but in reality the new NUCs are a kind of hybrid between the agency form (IAIs) and the corporate form, because they were designed within the framework of IAIs (Yamamoto 2004). The NUCs definitely have more autonomy then before the reform, since they are now legally separated from the government, particularly concerning management, but they are also subject to substantial ministerial control and scrutiny, reflecting the tension between autonomy on the one hand and downsizing, efficiency and competition on the other (Yamamoto 2003). The incorporation of the national universities implies increased diversity and differentiation, because their corporate status involves developing a distinctive profile, mission and strategy to attract resources and students nationally and to increase their international competitiveness (Yamamoto 2004). However, this could potentially also be seen as having major rhetorical elements catering to the universities, while the controlling reregulative forces could have a standardizing effect. One major lever of control is that each NUC must report annually to MEXT about progress in achieving the goals in their medium-term (6-year) plan.

Concerning the new financial system for the NUCs, Japan follows the international pattern of more differentiation of financial sources, lump-sum funding, less basic public funding and more emphasis on audit and evaluation (Yamamoto 2004). Japan is, however, already something of an exception because even before the reform it had a more differentiated financial structure and a lower level of basic funding than many other countries. It has a dual system combining cash-based budget and accrual auditing, and starting in 2004 has implemented a yearly 1% cut in basic funding.[7] The NUCs get two types of grants from the government, one for operating costs, over which they have full discretion, and one to subsidize capital expenditure.

Concerning other reform-related changes, Japan's university reform is more closely in accordance with the main trends. The NUC has more control over its own property than before the reform. University employees are no longer civil servants. There is a united leadership and more power for the top leadership – the President. There are more external experts and representatives on university bodies like boards and councils. And on paper at least there is more use of short-term contracts and differentiated performance-related pay, but this has not been easy to implement.

A survey was conducted in 2006 to analyze some of the consequences of the NUC Act, particularly concerning financial management (Mizuta and Yanaguira 2008). It showed that the reform and establishment of NUCs falls somewhere between an agency and a corporate model, with other features from models labeled state-controlled and state-aided, which altogether adds up to a hybrid. Operational grants to NUCs have decreased following the reform as a result of the 1% annual cut, while competitive money to the NUCs provided through the Special Education and Research Fund is a new and increasing source of funding. Few NUCs have raised tuition fees, because they fear losing students in a declining market. The number of full-time staff has decreased

in NUCs, as a result of a more general governmental cut-back plan, but also related to the new financial system for the NUCs. The NUC Act and its financial implications have had a differentiating effect on the NUCs, i.e. differences in financial capability have increased. The former imperial universities, medical colleges and post-graduate schools, often in the Tokyo metropolitan area, are doing best, because they are able to counteract the financial pressure by successfully competing for research resources,[8] while the other NUCs often try to survive by focusing more on teaching, though not always successively. Overall, the NUCs have more discretion over internal financial allocation than before, through lump-sum instead of line-item budgets. This increased discretion is easier to handle in the best research-oriented NUCs, both for the presidents and for the lower-level leaders, because they have more money to allocate and can also act strategically by setting aside central resources for innovative efforts (Woods and Mizuta 2008). In other words, they have the greatest slack and are able to use extra resources on innovation, something that make them better to resist pressure and crises (March 1981).

Summing up, the 2004 reform of the Japanese universities is in accordance with international NPM-style university reform trends. In terms of rhetoric it has been sold as a balanced reform, catering to different interests. Its hybrid and ambiguous character – balancing central control and autonomy – is probably deliberate, but seen in comparative terms it seems to involve the ministry – MEXT – having many strings attached, i.e. leaning towards continued control. And with regard to university financing it seems to have created a kind of 'survival-of-the-fittest' system.

Analyzing university reform.

The different reform measures.

How can the transformative approach be used to analyze the specific reform measures in university reforms? The structural-instrumental perspective can provide insight into the reorganization reform measures and their effects. A basic feature is changing the form of affiliation between the superior ministerial authorities and the universities, i.e. their organizational form. Here the tendency has been towards more structural devolution or vertical inter-organizational specialization (Egeberg 2003), although there is some variation among countries and between universities in this respect, with the corporate form and the foundation form at one end of the spectrum. Studies of structural changes of this kind in public organizations show quite clearly that they produce less central control and more institutional and professional autonomy (Christensen and Lægreid 2001b, Pollitt and Bockaert 2004). If we transfer these more general findings to the university sector, this conclusion may, however, be modified depending on what the superior ministries formally demand from the universities and how many hierarchical strings are attached. The university reforms definitely put pressure on the university, an aspect of the reform that we can

understand from the environmental perspective, since this involves the technical environment. Fundamentally the ministries have increased their use of economic incentives to control the universities: The universities are obliged to draw up spending plans and to provide reports about results, audits and evaluations, etc. In addition, there is a constant threat that resources will be cut. This financial pressure has the effect of counteracting the increased structural autonomy. External board members are also a potential modifying factor, as are uniform standards stipulated by higher education laws, for example concerning teaching, and the competitive search for external research money.

The formal increase in structural autonomy and the modifications brought by financial constraints could also be influenced by cultural factors. One of these is that the formal reform measures may have trouble being implemented as intended, either because the ministry is reluctant to 'relinquish authority' or because path-dependence and traditions in the universities counteract or slow down the reforms, i.e. they are skeptical about the alleged effects of increased formal autonomy. Another factor is whether the 'steering dialogue' between the ministries and universities will be strictly formal or whether there will be informal continuous dialogue, where the ministries give informal signals and universities both adapt and provide input of their own. This is rather common in new formal performance-management systems that seem to be too rigid. For some, structural devolution means 'steering once a year', while in practice it takes the form of a continuous and dynamic process of dialogue and exchange.

Another major aspect of university reforms is the internal changes in the steering systems, including representative and management systems. In some countries this has been closely connected with the university reforms, while in others the reforms have speeded up a process of long-term change that was happening anyway. The traditional structural separation in universities between a representative academic structure, with elected bodies, and an administrative-economic structure, very much signaled that these two types of activities should be kept apart. Academic staff attached little importance to the administration, except as a provider of certain services. This also signifies a deep-rooted cultural feature of the universities in which the emphasis was on academic freedom.

The reforms definitely signal a break with this, in both a structural and a cultural sense. The unified leadership system merged the hierarchies and often put a leader from the academic staff at the top of the new hierarchy who are expected to have administrative as well as academic skills (Amaral 2008, Paradeise et. al. 2009b). The effects of this are first, that academic activities are more affected by the management system, e. g., academic staff are often expected to participate in an incentive and reporting system, which represents an important cultural change for them. Second, the management staff have become increasingly influential. Even though the leaders of the management units on each level are formally subordinate to an academically oriented leader, who

is often perceived as a kind of manager, they gain influence by being allocated more resources, having a higher status conferred on them by the ministries and playing a central role in the incentive and reporting systems, etc. They have basically been transformed from non-influential service-providers into important decision-makers.

In addition, there has been clear change in the system of representation in the universities. Whereas before there were professorial and broad collegial bodies at various levels, these bodies are now fewer and there are fewer academic staff involved; instead, representatives are often elected on a more independent basis and are more often external. The groups most negatively affected by this are the professorial grass-roots, who are clearly losing influence. The actors gaining influence are professors in leadership positions, or as it is called in the US, in 'administrative positions'. This means that leadership positions often signify a merging of the academic and administrative hierarchies, which the academic grass-roots view with considerable scepticism. Hence patterns of influence have changed not only between academic and administrative groups, but also within academic groups as a result of the reforms.

We have used most of the transformative approach to try to explain the modern university reforms and their effects. One element that has not been mentioned much is the significance of the myths and symbols generated in the institutional environment of the universities. As a set of ideas NPM has been more popular among the political-administrative leadership in the ministries and at the universities than among the academic staff, but even here opinions vary, with professors in the natural sciences taking a more positive attitude than those in the humanities and social sciences (Paradeise 2009b). Of the different NPM reform elements reflected in the university reforms there are some that seem to have been particularly unpopular among the academic staff, and resulted in counter-myths – namely, incentive systems and extensive reporting and evaluation of teaching and research activities. Critics inside universities have also questioned the coupling of increased management formalization and efforts and the quality of teaching and research. This challenges the very core of the reforms, and reformers have in some cases found it difficult to say why and how reforms should influence teaching and research, thus weakening their legitimacy.

The broad picture.

When NPM was introduced it resulted in major reorganizations in the central civil service, including increased agencification and the establishment of more corporate forms. Reform entrepreneurs argued that political control would not be weakened but simply take new forms (Christensen and Lægreid 2001b), like strategic or frame-steering that would allow subordinate levels and institutions to choose the means to meet public goals, with a greater emphasis on reporting the results. The idea was to combine increased devolution, delegation and decentralization with re-regulation.

Many studies of the effects of NPM have shown that the reform entrepreneurs were fundamentally wrong. Political executive leadership and control were weakened by NPM, while administrative and public corporate leaders, as well as their subordinate organizations, increased their influence over decision-making processes (Christensen, Lie and Lægreid 2007, Pollitt and Bouckaert 2004). The effects of weakening the formal levers of control seem to have been stronger than thought. This shows that the effects of reorganizing organizational structures and boundaries are rather strong, as predicted by the structural-instrumental perspective. Increased vertical inter-organizational specialization means in reality that political executive leaders can interfere less than before in the agencies, regulatory agencies and SOEs (Christensen and Lægreid 2001b). They have 'given away' formal decision-making authority and have less information about what is going on in these bodies, but still often get the blame when things go wrong (see Brunsson 1989). To the structural argument can be added the cultural and environmental ones, which say that the pressure for political executives not to interfere after devolutionary change has been strong. This reflects the rather anti-political flavour of NPM, which says something like 'it is better for politicians to stay away from many decisions in public organizations, especially the more complicated ones involving professional expertise' (Christensen and Lægreid 2001a).

The crucial question then is whether one can argue that the effects of the university reforms will be different from the main effects of NPM-type reforms. As indicated above, a case can be made for this, even though the picture we have painted of university reforms is a differentiated one, because we think they affect different groups of actors in different ways. As indicated, public universities have traditionally had rather a lot of actual autonomy even though their formal autonomy has been more limited, and few actors have wanted to change this. One historical reason for this, of course, is that universities have been different from ordinary public organizations, like ministries and agencies, in several ways. They have had a rather limited internal administration, a looser coupling between the administration and the core specialized academic activities, a university's core activities (particularly research) are more deeply specialized, and the academic staff have much more professional autonomy than ordinary civil servants. In other words, both their formal organization and their culture are different.

The core university staff – the ordinary academic staff or grass-roots – have often been critical towards the university reforms outlined (Amaral 2008). From their point of view, the university reforms will modify many of the traditional and typical university features. As the generic definition of universities comes to prevail, they will see themselves as under double attack from increased formalization and management-orientation, with respect to both the ministry and to the growing internal management component. They will feel that their teaching and research is more subject to management in the form of incentive and reporting systems. As such they will feel that their professional autonomy is decreasing.

The reactions from other groups may be more varied. Academics in leadership positions may potentially be critical about too much reporting to and interference from the superior authorities, but they may also enjoy the increased influence their new leadership position brings, concerning allocation of resources, academic profile, special research programs, hiring, etc. The administrative or management staff will probably also have mixed, but more positive reactions. On the one hand, they embody the new idea of universities as generic organizations, and will have increased their overall influence through the introduction of professional management. On the other hand, however, they will often be critical of too much control from and reporting to superior authorities, they may have doubts about their role in a unified leadership, and they will often have to deal with dissatisfied academic staff.

Although there are clearly variations, overall the main balance of central control and autonomy seems to be tilted more in the direction of control than is generally the case for government bureaucracies, particularly if we take into account that prior to the reforms, the universities had a good deal of autonomy (see Wright 1994).

The case of Japan.

The historical background of the higher education system in Japan shows a fascinating pattern of imitating and learning from other countries, i.e. the significance of environmental influences and pressure, from both the technical and the institutional environment. In the Meiji period, when Japan adopted the German higher education model and adapted it to Japanese culture, the imitation was voluntary (Clark 1983, Westney 1987). Japan imitated a general model but modified it to suit Japanese culture and conditions. After World War II the Allies forced Japan to imitate or import the American system. Since, however, the Allies had to rely on the Japanese bureaucracy to implement the reform and the Japanese bureaucracy did not have any deep understanding of the American model, the result was rather mixed, with elements from the German model being retained alongside the new American model (Itoh 2002). This hybrid was later reflected in the reform process.

Japan's university structure is also rather diverse compared with many other countries, with private universities dominating enrollment, but local public universities also having a lot of students. The most famous and research-oriented universities, the national universities, are the ones that were reformed in 2004. Hence the Japanese reform has been a very partial one that was late in coming, signaling reluctance to adapt to NPM-like ideas. The Japanese university reform is also typically hybrid, combining NPM reform measures with attempts to retain substantial control from the MEXT. Its hybrid nature is shown in the way IAIs and corporate features have been combined in the new affiliation form, and also in the combination of deregulation and re-regulation features. While the powers of discretion of the internal management have increased, so has pressure from

the ministry in the vertical inter-organizational performance system. Even though the NUCs have full discretionary power over the lump-sum grant from the government and internal performance-oriented budgeting, they have also experienced cuts in basic funding, cuts in internal personnel costs, increases in tuition fees, and pressure to compete more for research funding. The presidents of the NUCs have not found this easy to control and coordinate (Yamamoto 2009).

How can we explain Japan's reluctance to reform despite the implementation of corporate-oriented reform? MEXT seems structurally and culturally to have problems letting go of its authority over the universities. It pays lip service to NPM ideas and has implemented some of them, but at the same time has tried to retain control by different means, for example by demanding reports on mid-term plans, evaluation, auditing and exerting influence via external board members. This reluctance by the MEXT and the NUCs to implement reform would seem to illustrate a strong degree of path-dependency. It also reflects the fact that Japanese universities have traditionally had less autonomy in administrative matters than their Western counterparts.

Future challenges and questions.

A first question is how easy is it to get university reforms accepted internally? If we look at the general experience with implementing NPM-like reforms in public organizations, we notice that they are most often supported by various types of leaders but seldom whole-heartedly by the grass roots. There may also be variations in levels of acceptance connected with tasks and/or educational background. This seems to be rather easily transferable to university reforms. Academic leaders at different levels, like presidents, deans and chairs, often support the modern reforms, which is natural since they are the ones responsible for them. Managers also view them positively since they often build their careers on the reforms, but there may also be path-dependent resistance here, particularly among administrative personnel at lower levels. The academic grass roots tend to be sceptical. The pattern of support or resistance also depends on how systematically and how hard the leaders push for reform. The reaction to hastily and forcibly introduced reforms that insist on a strict use of incentive systems is likely to be very different to that to shallower and more flexible measures, where systems of planning, incentives and reporting have a more ritual function.

A second issue is whether university reforms involve too many unrealistic symbols, i.e. are they oversold? This is probably the case, given that NPM has tended to make extravagant promises that it has problems delivering on. An additional problem in university reform is that efforts to adapt the reforms on the grounds that a university is a special type of organization have not been strong enough. This has resulted in a lot of legitimacy problems. Academic faculty have often questioned the reforms and failed to get satisfactory answers, but then this is not a group that is easily satisfied or will easily accept change.

A third issue relates to the post-NPM reforms that emerged in the late 1990s, often in trail-blazing NPM countries, as a reaction to the effects of the NPM reforms, but for other reasons as well. Post-NPM reforms have focused much more on central control and coordination and have both a vertical and a horizontal dimension. Will these types of reform elements have any implications for the university reforms? One obvious possibility is that the control and scrutiny measures already installed through NPM will be used more extensively, with a greater emphasis on the vertical integrative aspect. This can probably be furthered by the financial recession also, where the universities are given more money to absorb some of the consequences of increased unemployment, and there will be an increased need to control these resources. Since universities are by nature so fragmented and seen as a collection of semi-autonomous units, and NPM tends to further this, it is less likely that horizontal coordination will be increased.

One of the great challenges of university reform around the world is to show that the core activities of universities have been affected and indeed improved by reform measures. This is rather crucial, since there wouldn't be any point in making major changes in forms of affiliation and management systems if this had no effect on teaching and research. There seem to be different views on this. One is that the reforms are designed to facilitate rather than actually change the core activities – the argument is that increasing efficiency will free up more resources for the core activities. A second and related view is that an important aim of the reforms is to strengthen the organization and prioritization of teaching and research. For example, instead of the academic staff only initiating research, the new university organization should focus more on research policy, organization and priorities, benefiting both the university as a whole and the individual researchers. A third view, and often a more cynical one, is that the coupling between the new reforms and management measures and the core activities is rather loose. Aware of this loose coupling some think it is acceptable to have the reforms, since they know that the new systems will be difficult to implement because of resistance. Others are more critical of the reforms, but console themselves with the knowledge that they will probably have little relevance for their teaching and research.

Notes

1 Taking a longer historical perspective, universities around the world have been established by a wide variety of institutions, like public organizations, church societies and non-profit interest groups, and have also had very different forms of affilitiation to public authorities.

2 The Allied Forces tried to pressurize Japan to adopt more elements from the American model, like giving local government a stronger role in the supervision of the national universities and colleges, and introducing an administrative system with boards of regent and top-down decision-making mechanisms, but these proposals were not implemented because of opposition from Japanese bureaucrats and academics (Itoh 2002).

3 IAIs are often associated with NPM, as are the Next Steps agencies introduced in the UK in 1988. This is

debatable, however. Many countries, like the Scandinavian ones, have had this agency form for several hundred years – Sweden even since the 16th century. But for countries with a traditionally integrated structure, IAIs of course represent increased autonomy, and the modern IAIs may have more built-in autonomy than the traditional ones, thus resembling the corporate form more closely.

4 The first initiatives to transform Japanese national universities into corporations were launched back in the 1960s and 70s, before the general emergence of NPM reforms (Yamamoto 2004).

5 But the public universities have 2/3 of the graduate students, dominated by the natural sciences (Yamamoto 2004).

6 So these actors were very sceptical about whether more formal autonomy in reality meant more autonomy and not more control.

7 An interesting exception is that this does not include or apply to the salary of faculty members. But since there is a law-based standard for student/teacher ratio, this had led to more frequent hiring of part-time academic personnel to save money. Universities have also been hit by a more general decision to save 5% of personnel costs in government administration organizations during the period 2006-2010.

8 There are also increased differentiation inside this group, with some of the best universities, like Tokyo University, doing it comparatively financially better than others.

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