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## **Governance Reform of National Universities in Japan: Transition to Corporate Status and Challenges**

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### **Brief History of Japanese Higher Education<sup>1</sup>**

#### **Development of higher education institutions**

##### *Pre-war era*

Although Japanese higher education goes way back in history, the modern higher education system began in the late 19th century when the University of Tokyo was founded in 1887 by the Meiji<sup>2</sup> government through the merger of two existing higher education institutions. Nine years later, the University of Tokyo became the Imperial University, and then renamed Tokyo Imperial University in 1897 when the second imperial university was founded in Kyoto. Other imperial universities were subsequently established in several major cities in Japan, resulting in a total of seven imperial universities (Tokyo, Kyoto, Tohoku, Kyushu, Hokkaido, Osaka and Nagoya), apart from those located in overseas territories. All these universities were organized based on the continental European model (especially Germanic), which was a bureaucratic system with quasi autonomous academic units (faculties).

Apart from the imperial universities, many governmental, local public and private higher education institutions were founded in the same period. In 1903, the Government enacted the Specialized School Order and revised the Vocational School Order to condition the establishment and activities of institutions previously classed as miscellaneous schools. In the same year, 47 of these institutions were recognized as specialized

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<sup>1</sup> The description of this chapter owes largely to Monbusho (1980, 1990 and 1995).

<sup>2</sup> Reign name of the emperor (1868–1912). The Meiji era began with a revolution called the Meiji Restoration which marked the opening of modernisation of Japanese society.

schools (39) or vocational specialized schools (8). In addition, those specialized schools having a preparatory course of at least one and a half years were authorized to use the term “university” in their names. Specialized schools increased remarkably since then. They were later given, with single-faculty institutions in special cases, the opportunity to seek the status of university by the promulgation of the University Order in 1918 (enforced the following year). A certain number of governmental, local public and private institutions were subsequently given university status.

The pre-war Japanese higher education system was thus characterized (but not exhaustively) by the well-organized bureaucratic administration system in governmental institutions and also by the coexistence of the three sectors of higher education institutions – governmental (national), public (local) and private, with massive investment in the national sector by the government. Although they were not many (Table 1), governmental institutions, especially imperial universities, enjoyed the prerogative of acquiring abundant staff, facilities and prioritization in other parts of budget distribution in comparison with institutions of other sectors.

Table 1: Number of Higher Education Institutions by Type and Sector as of 1943

	<i>Universities [imperial universities]</i>	<i>Specialized Schools</i>	<i>Total</i>
Governmental (national)	19 [7]	58	77
Public (local)	2	24	26
Private	28	134	162
<b>Total</b>	<b>49 [7]</b>	<b>216</b>	<b>265</b>

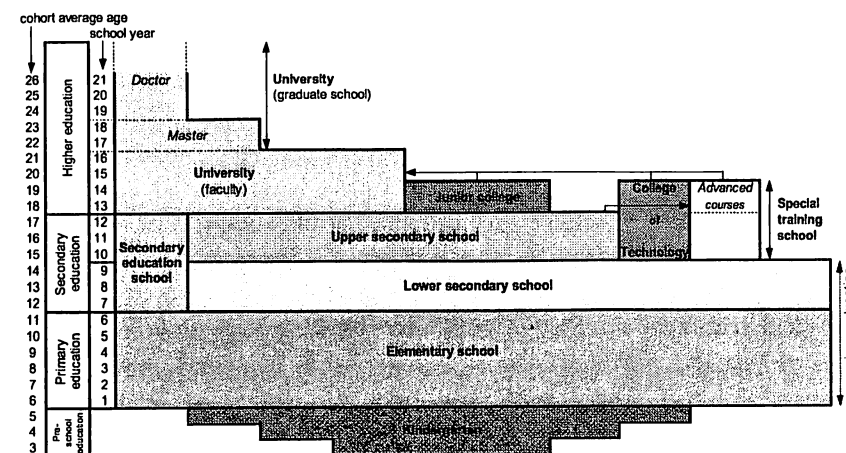
Source: Data derived from the Monbusho (1980).

### Post-war era

After World War II, the Japanese education system was entirely revised under the occupation. The school system, from kindergartens to universities, was structurally rationalized and unified into a new educational system. The varying types of higher educational institutions were consolidated into a single four-year university system thus putting the finishing touches to the core of the new 6-3-3-4 education system

(Figure 1 shows the actual organization thereof).

Figure 1: Organization of the School System in Japan



Source: Created by the author.

As for national universities, upon the request of the General Headquarters (GHQ) of the Allied Powers, it was decided to place at least one national university in each prefecture in order to avoid the concentration of national universities in large urban areas and thereby ensure that all would have equal access to higher education. Before that, the GHQ had called for the transfer of administrative authority over all national universities and specialized schools to local governments, with the exception of the national comprehensive universities (former Imperial Universities) which could remain under the auspices of the Ministry of Education (Monbusho).<sup>3</sup> Opposition to this plan was voiced from all sides, particularly from people affiliated with the universities. The Education Reform Committee<sup>4</sup> also rejected this proposal on the basis that it would

<sup>3</sup> Although it had changed with the times, the official appellation of the ministry was “Ministry of Education, Science, Sports and Culture” (“Monbusho” in Japanese), when the ministry was merged in 2001 with the Science and Technology Agency and became the Ministry of Education, Culture, Sports, Science and Technology (MEXT). In this paper, the Minister in charge of the Monbusho or the MEXT will be referred to as the Minister of Education.

<sup>4</sup> Advisory body to the Prime Minister. It was established on 10 August 1946 for the purpose of the realisation of a “new education”.

endanger the autonomy of the universities, that it would fail to establish a systematic distribution of public universities throughout the nation, and that the local authorities would lack the financial resources to support the university system. In the face of such extensive opposition, the GHQ withdrew its suggestion.

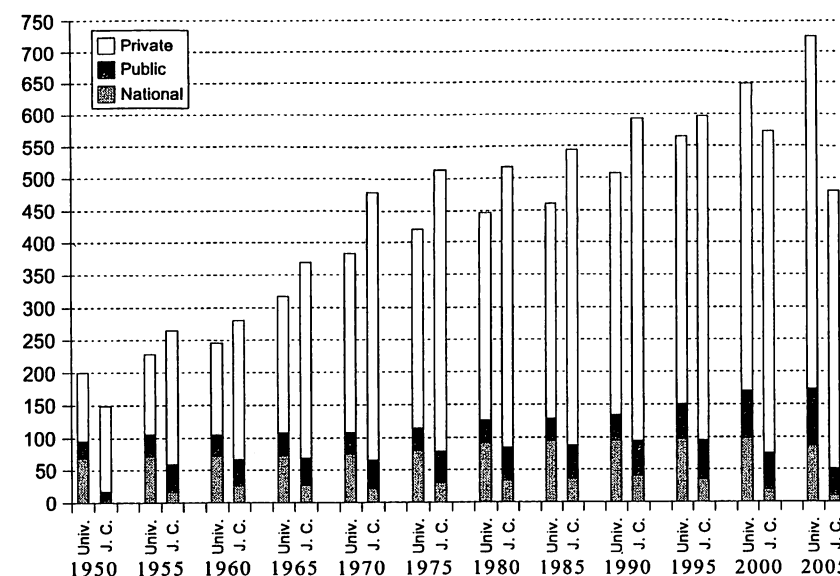
In 1949, 70 institutions, including those with a single faculty, opened their doors as national universities. The imperial universities and other governmental universities were integrated into the newly created university system without difference in terms of legal status. A number of national universities started either from old normal schools or as branch schools responsible for two-year courses. In contrast to the former imperial universities and other former governmental universities, these new national universities would remain weak for a long time in terms of prestige, staffing, facilities, budget allocation and management ability. In addition, 17 local public universities and 81 private universities also began teaching in 1949. Some of the older specialized schools reopened as junior colleges. Although the junior college system was initially regarded as a temporary measure, over the years this kind of institutions spread from the big cities throughout Japan to fill an important gap within the higher educational system.

### Expansion of higher education

After the reorganization during the occupation period, the 1960s and early 1970s witnessed the most rapid growth of the higher education system. Whereas there had been 245 universities and 280 junior colleges in 1960, there came to be 420 universities and 513 junior colleges by 1975 (Figure 2).<sup>5</sup> In terms of student numbers, by 1975 the population attending universities increased to 1,734,082, or 2.77 times the 1960 student population (Figure 3), and in junior colleges to 348,922, or 4.28 times the 1960 figure. The percentage of students continuing on to university or junior college by 1975 increased from 10.3% to 38.4% of the corresponding age group.

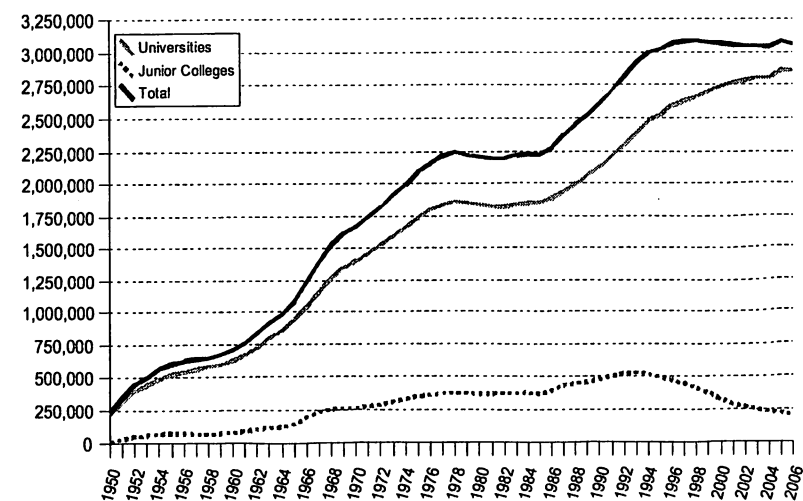
<sup>5</sup> All data concerning numbers of institutions and students are those as of 1st May in the corresponding year.

Figure 2: Number of Universities and Junior Colleges by Sector



Source: Created by the author based on data derived from the Monbusho/MEXT.

Figure 3: Student Enrolment in Universities and Junior Colleges



Source: idem.

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

The rapid growth of the private school systems gave rise to a serious problem of lack of adequate financing among private institutions. Governmental financing of private schools in the form of loans had begun already in 1952, when the Private School Promotion Association was established as a channel through which the government invested money on behalf of private schools.<sup>6</sup> Next year, governmental direct subsidies to offset the cost of equipment were made available to private universities. However, despite governmental allocations, revenue from student tuition was inadequate to cover the balance. In the face of rising personnel expenses on the one hand and limits on the amounts by which student fees could be raised on the other, the financial condition of private universities deteriorated rapidly, especially from the late 1960s. As a result, a noticeable gap emerged between the conditions of education provided by private and national universities. The government responded to this serious situation in 1970 by making subsidies available for ordinary operating expenses, including personnel expenditure (enactment of the Japan Private School Promotion Foundation Law). Finally, in 1975, a Private School Promotion Subsidy Law was adopted (enacted the next year), and the subsidies were given a legal basis.

#### *The beginning of decline*

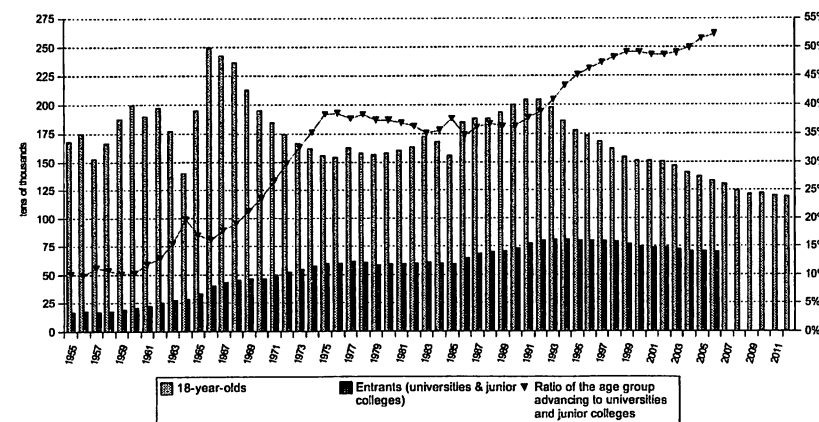
The second rapid expansion of higher education occurred in the 1980s and early 1990s (Figure 2 and Figure 3 above). The number of universities increased from 446 (93 national, 34 public and 319 private) in 1980 to 565 (98 national, 52 public and 415 private) in 1995, and finally 744 (87 national, 89 public and 568 private) in 2006. However, the number of 18-

6 The Private School Law (1949) had elaborated on the provisions concerning the appropriation of public subsidies to private schools in relation to Article 89 of the Constitution of Japan, which prohibited the expense or appropriation of "public money or other property" to "any educational enterprises not under the control of public authority".

year-olds reached its peak in 1992, and has been decreasing ever since. Although the number of universities is still increasing, the number of junior colleges reached its peak (596) in 1996 and has been decreasing rapidly.

In addition, the proportion of the age group advancing to universities and junior colleges reached 49.1% in 1999, and has been stagnant at around 50% since then (Figure 4). In the near future, the number of applicants for higher education will be equal and then inferior to the total number of places offered by universities and junior colleges.<sup>7</sup>

Figure 4: Trends in 18-year-old Population and Access to Higher Education



Source: Created by the author based on data derived from the Monbusho/MEXT.

### **Deregulation in higher education and the university autonomy**

#### *The evolution of the university autonomy*

In Japan, like in many other countries (Woodhouse, 1999, p. 36), university autonomy has long been regarded in the same light as or confused with academic freedom (Terasaki, 1998, p. 183). Although these are closely interrelated, they are different notions. A declaration of the International Association of Universities, in 1998, entitled "Statement on Academic Freedom, University Autonomy and Social Responsibility", clearly defined each notion respectively. According to the definition,

7 In Japan, a numerus clausus is applied, and the total enrolment number to universities and junior colleges is controlled by the Government.

university (institutional) autonomy refers to the necessary degree of independence from external interference that the university requires with respect to its internal organization and governance and their activities. In the strict sense of that definition, Japanese national universities have never fully enjoyed autonomy, either in the pre-war era or in the post-war era.

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

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

However, being well protected against external pressures, while the massification of higher education was proceeding, national universities failed to react to the need for change and failed to adapt accordingly to meet new challenges. This was typically seen in student movements in the late 1960s and early 1970s, symbolized by the occupation by radical students of Yasuda Hall of the University of Tokyo in 1969, which resulted in a fierce confrontation between students and police and forced

8 Yukitoki Takigawa, professor of the Faculty of Law, was suspended from office because of his doctrine, which was followed by resignation of all the faculty members.

9 In this case, the dismissal was later judged illegal and invalidated by court.

cancellation of the entrance examination that year. Many universities could not make any important decisions against these movements and were thrown into confusion for a long time. The movements finally came to an end following the enactment of the Law concerning Emergency Measures on the Operation of Universities, promulgated in August 1969.

From 1970, the Ministry began to take various deregulatory measures so that universities might carry out appropriate reforms on their own initiative in response to a variety of demands from society. For example, in 1970 the Ministry provided more flexibility to the organization of general education curriculum. In 1972 the Ministry made arrangements for credit transfers between universities (in 1982 these arrangements were extended to those between universities and junior colleges). In 1973 the Ministry made it possible to flexibilize the educational and research structure of universities, for example, by allowing universities to set up new types of basic academic units other than the faculty (e.g. college clusters and research institutes at the University of Tsukuba). In 1976 the Ministry authorized universities to admit students at the beginning of a semester, in addition to at the beginning of an academic year. In 1985 the Ministry eased the qualification criteria of university teachers so as to enable universities to recruit working people from other sectors.

Thus, deregulation in university education and research was gradually implemented, and accelerated in the 1990s. However, these deregulatory measures contributed little to the enhancement of the institution-level autonomy: academic units, especially faculties, were still quasi autonomous in the name of academic freedom in almost all universities, and presidents of such universities were no more than *primi inter pares*.

#### *The University Council and university reforms*

The National Council on Educational Reform, established in 1984 as an advisory body to the Prime Minister, submitted a series of recommendations for reforms in the education system to address such issues as changes in human resources required by society and growing need for lifelong learning. With respect to higher education, the council defined a framework in line with its strategies, and proposed the establishment of a "University Council" in the Monbusho to consider concrete measures for reforms. In 1987, immediately after its inauguration, the Minister of Education instructed the University Council to study specific measures for the advancement, diversification and revitalization of education and research in universities and other institutions of higher education.

One of the most salient and repercussive recommendations was the abolition of the subject areas, such as general education and specialized education, to enable universities to structure curricula that would reflect their own educational ideals and objectives, which resulted in the 1991 amendment of the Standards for the Establishment of Universities. It was decided to discontinue the practice of requiring students to obtain a certain number of credits in each subject area as a prerequisite for graduation and to make the acquisition of a minimum total number of credits the only requirement. Another most important recommendation was a qualitative and quantitative improvement of graduate schools and making their system more flexible, in order to accept a larger population of students with diverse backgrounds.

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

1. improve the quality of education and research, and nurture the ability to investigate issues;
2. secure the university autonomy by providing more flexibility to education and research structure;
3. establish university administration and management with responsible decision-making and implementation; and
4. diversify universities and continuously improve their education and research by establishing multiple evaluation systems.

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

In June 2001, the MEXT announced the *Policies for the Structural Reform of Universities (National Universities)*, and defined the future direction of the reform, with a view to making universities more dynamic and internationally competitive. The ministry declared: (1) that the realignment and consolidation of national universities should be boldly

pursued; (2) that management methods of the private sector should be introduced into national universities; and (3) that a competitive mechanism with third-party evaluation should be adopted. The introduction of private sector management methods referred to in (2) above was meant to turn national universities into independent administrative institutions (mentioned later).

In 2002, the School Education Law was revised and provided more flexibility to institutions for a reorganization of faculties and departments, while a continual third-party evaluation system was introduced (put into practice from April 2004). Under the revised law, only notification to the Ministry is required of the institution in cases of reorganization without change in the kinds and fields of degrees awarded by that institution, and ministerial authorization itself is no longer necessary.

## Incorporation of National Universities

### The progress towards incorporation

The idea of incorporating national universities is not new. The earliest appearance of an idea can be found in the proposal *Teikokudaigaku dokuritsuan shiko* [Private study on independence of the Imperial University] in 1899 where academics suggested placing the Imperial University under the patronage of the Emperor conferring juridical personality on it. In the 1960s, a certain number of proposals were made by academics, such as Michio Nagai's *Daigakukosya* [university corporation] in 1962. In 1971, the Central Council for Education proposed, as one alternative, incorporating national universities to promote self-development on their initiatives.

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

quality of education and research, and also suggested the incorporation of national universities as one option.

Meanwhile, a new administrative system called the "Independent Administrative Institution (IAI)" was created in 1999, which was to separate some organizations from the central government, giving them more autonomy to enhance the effectiveness and efficiency of their operation in providing administrative services.<sup>10</sup> In April 2001, 57 new autonomous governmental corporations were created, and incorporation of other governmental agencies has been implemented (116 IAs as of April 2007). The incorporation of national universities was then studied following this organizational reform in the government.

The study on incorporation of national universities came to be officially undertaken by the Monbusho in September 1999, when the Minister of Education announced in front of national university presidents the fundamental direction of the study on incorporation of national universities, and then a wide range of consultations began. In 2001, a study group composed of academics and non-university people was set up in the Ministry and proceeded with the study on the incorporation in close consultation with the Japan Association of National Universities (JANU). The study group put forth the final report in March 2002 on a framework of the incorporation of national universities (hereafter referred to as the "final report"). Finally, in July 2003, the National University Corporation Law and other related five laws were adopted and partially implemented in October. All the national universities were incorporated as of 1<sup>st</sup> April 2004.

### The objectives of the incorporation

National universities were a part of the national government before incorporation, and were directly operated by the latter. By virtue of the status of "national university corporation (NUC)", they acquired juridical personality and became more autonomous from the government. This

<sup>10</sup> Article 2 of the Law concerning the General Rules of the Independent Administrative Institutions defines independent administrative institutions as "legal entities established pursuant to this Law or other specific laws enacted for the purpose of efficiently and effectively providing services or businesses that may not necessarily be offered by private entities or that need to be exclusively offered by a single entity, from among those services or businesses that must be reliably implemented for the public benefit, such as for the stability of socio-economic or national life, but that need not necessarily be directly implemented by the Government on its own".

reform was regarded as one of the most important reforms of Japanese university since the Meiji era (MEXT 2003).

The principles of the incorporation of national universities were described as follows (*ditto*):

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

New national universities have been expected to develop distinctively their educational and research functions on their own initiatives. However, as observed in an OECD report (OECD, 2003, p. 64), the NUCs remain basically national in the sense that the State remains responsible for their functions, and provides funds to support their administration. Budget is allotted to NUCs as a lump sum on the basis of the mid-term plan (MTP),

defined by each NUC. But the MTP should be prepared based on the mid-term goals (MTG) presented by the MEXT to each corporation. Furthermore, the presidents are appointed by the Minister of Education as before.

### The system of the national university corporation

#### Foundation

Each national university was individually given juridical personality and became a national university corporation.<sup>11</sup> It should be noted that some existing IAs regrouped plural former governmental agencies, such as the Independent Administrative Institution National Museum which incorporated three former national museums. This policy—individually incorporating national universities—aimed at developing their characteristics by guaranteeing the autonomy of each institution.

Article 4 of the National University Corporation Law stipulates that each NUC set up a national university as listed in the annex of the law. As of April 2004, there were 89 NUCs and the same number of institutions (87 national universities and 2 junior colleges) founded by these corporations. The functions to be fulfilled by NUCs are defined as follows (Article 22):

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

<sup>11</sup> More precisely, each national university was founded by a national university corporation (see below).

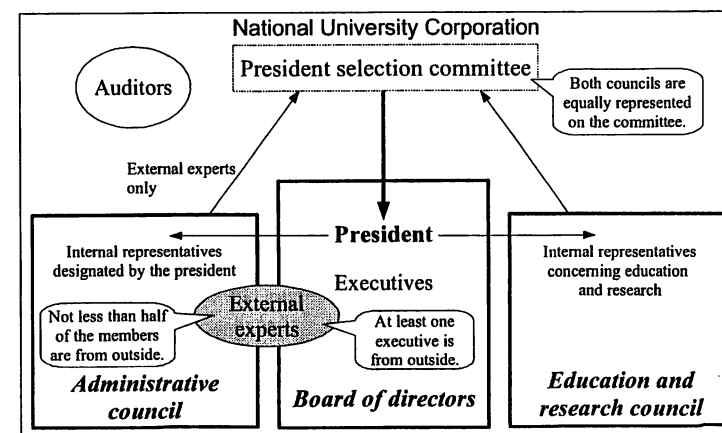
national university and are specified by government ordinances; and

7. Carry out other functions necessary for implementing functions enumerated above.

#### Governance and management

The management of the university has been restructured along managerial lines, with a participation of external experts. NUCs moved away from traditional collegial forms of management towards greater top down management systems. Each NUC has the president of the university and executives in its governing body. In contrast with the former national universities having the sole deliberative organization (council), three deliberative organizations have been set up in each corporation: (1) board of directors, (2) administrative council, and (3) education and research council. The governance is shared by these three organizations. In addition, the structure of the secretariat is now at the discretion of each university.

Figure 5: Governing Bodies of National University Corporations



Source: Created by the author.

**The president and other directors** Each NUC has as directors the president, two auditors and executives (not more than the number set by the law) (Article 10). The president of the university is the head of the corporation. Therefore, the president fulfils the functions both as the head of the university and as the head of the corporation. The president and the executives compose the board of directors. The president should consult



the board before making decisions concerning the following matters (Paragraph 2, Article 11):

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

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

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

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

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

The administrative council is chaired by the president. It deliberates over:

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

**The education and research council** The education and research council consists of the following members (Article 21):

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

The education and research council is chaired by the president. It deliberates over following items:

1. Opinions on the MTG (except those deliberated over by the administrative council);
2. MTP and annual plan (except matters deliberated over by the administrative council);
3. Establishment, alteration, and abolition of important regulations concerning education and research, including the school rules (except the part related to the administration of the NUC);
4. Personnel affairs of faculty members;
5. Policy on organization of curriculum;
6. Support provided to students necessary for their studies and other issues, including advice, instructions and other forms of help;
7. Enrolment policy, including admission and graduation of students, termination of educational programmes, as well as policy on conferment of degrees;
8. Checks and evaluations of the educational and research situation that are conducted by the council itself; and
9. Other important matters concerning education and research at the national university.

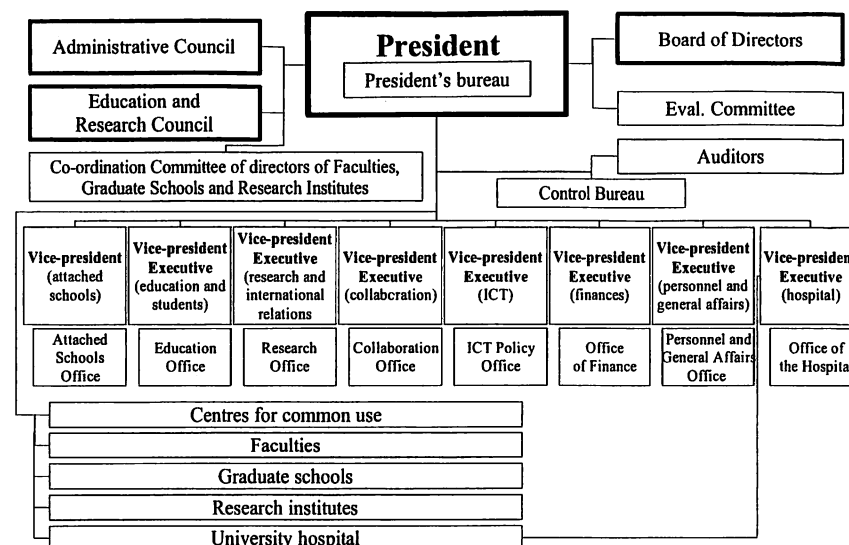
**The secretariat and other clerical organizations** Before incorporation, the structure of clerical organizations of each university was directly administrated by the government. Now, national universities are able to reorganize them at any time at their discretion within the range of the budget.

The final report urged that clerical organizations' duties should not be limited to functions centring on the support of education and research activities of academic staff as well as administrative clerical processing in accordance with the regulatory framework, but that they should also bring into full play their function as a group of experts in university administration, by actively participating in the formulation of plans for university administration in collaboration with academic staff, directly supporting the president and other directors.

After incorporation, several national universities have entirely

reorganized their secretariats. Some of them, including Hiroshima University (Figure 6), dismantled their secretariats, and established offices under the supervision of each vice-president.

Figure 6: Governance structure of Hiroshima University



Source: Created by the author.

### Personnel

A personnel system that would provide NUCs with more flexibility in managing their human resources and thus enhance their performance was sought for.

**The status of personnel** With regard to the status of personnel, two options were studied by the study group: the public servant type and the non-public servant type. Their differences are shown in Table 2.

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

1. More flexible forms of recruitment, salary structures and working hours that are not tied to the framework of the National Public Service Law;

Table 3: Public Servant Type and Non-public Servant Type

	Public servant type	Non-public servant type
Guarantee of status	Stipulated by law	Stipulated by the employment rules of each corporation
Rights of labor	Disputes are prohibited.	Disputes are allowed.
Recruitment of administrative staff	Selection among successful candidates in the national public service examination	According to the criteria defined by each corporation
Dual employment, side business, and political activities	Restricted by the National Public Service Law	Stipulated in the employment rules of each corporation
Foreigners	Impossible to appoint them to management positions	Possible to appoint them to management positions
Salaries and working hours	Determined by each corporation	(idem)
Medical insurance and pensions	Similar to national public servants	(idem)
Provisions of the penal code (bribery cases, etc.)	Similar to national public servants	(idem)

Source: Created by the author based on the final report.

2. Diverse forms of employment which are not tied to the framework of the Law Concerning Special Measures for the Appointment of Foreign Nationals as Instructors at National and Other Public Universities, such as appointments of foreigners with outstanding education and research capacity as university presidents, faculty deans and other management positions;
3. Flexible operation based on the corporation policy with regard to dual employment and side business; and
4. With regard to the non-academic personnel, it is possible to recruit staff based on specialized knowledge and skills, according to the personnel strategies of each corporation, without depending on the principle of the National Public Service Law.

**Appointment of academic staff** Traditionally, appointment and promotion of academic staff were at the discretion of each academic unit. Although the reform was not to change this policy, the study group recommended in the final report the following principles:

- Under the new administrative framework, the president and the deans should play a larger role as the people responsible for the administration of the university and the faculties.
- To improve the objectivity and transparency of the selection process of academic staff, advertising systems should be actively introduced, and selection criteria and results made public.
- It is necessary to create mechanisms to enable decisions based on more holistic considerations, by consulting opinions from outside the university, demanding participation in selection committees from academic staff in related fields from inside and outside the university, demanding and referring to evaluations and recommendations by external experts, and so forth.
- To ensure that outstanding persons from inside and outside the country are actively recruited, flexible personnel systems should be adopted.
- To increase the mobility and diversity of academic staff, necessary measures, such as term systems and advertising systems, should be taken.
- It is necessary to provide conditions and give consideration to recruitment of graduates of other universities, foreigners, females, and handicapped academic staff.
- In order to develop outstanding young academic staff members with a rich international perspective, relevant provisions in terms of personnel administration should be reconsidered, by introducing sabbatical systems for young academic staff, for example.

It should be noted that, in 1997, a Law concerning the Term of Office of the Teaching Staff of Universities was promulgated, which enabled national and public universities to implement a contract-based

employment system with term limits in specific cases.<sup>12</sup> Since its enactment, many national and public universities have set up rules concerning the term of office of teaching staff and have implemented such systems. In some faculties, the employment system has entirely moved to fixed-term system, and such moves are spreading among national and public universities. For example, a reform plan adopted by Yokohama City University (public) in October 2003 proposed a non-tenure system to be applied to all the academic staff.<sup>13</sup> In addition, a systematic evaluation of teaching staff is increasingly applied or studied in many universities, which is in some cases linked to the salary and promotion. Incorporation was supposed to accelerate such trends in national universities.

**Personnel systems of non-academic staff** Before incorporation, only successful candidates in national public service examinations are eligible for the non-academic staff recruitment process of national universities. All staff members were categorized in terms of status, functions, remuneration, conditions for promotion, etc., according to the standards set forth by the government. The number of staff allotted to universities by the government was determined by category and by unit. In addition to the recruitment restriction mentioned above, the categorization was also not at the discretion of the university. Therefore, even if a university was in need of staff with specific skills such as information technology and international affairs, it was very difficult to recruit people with these kinds of skills as non-academic professional staff. In fact, many national universities hired such experts as academic staff.

Although appointing power of most non-academic staff had been delegated to the president of the university, high-level non-academic staff positions were appointed by the Minister of Education, including secretary generals, vice secretary generals and other directors. They were moving among universities and other institutions under the jurisdiction of the MEXT, including the Ministry itself. The management of those staff was carried out by the Ministry without consultation with relevant

12 As for private universities, the law stipulates the procedure for contract-based employment with term limits, but its implementation is largely left to the judgement of each institution.

13 Because it involves a change in employment type, the new system cannot be applied to existing staff members without their consent. The consent rate for the non-tenure system was 66.6% on 30 May 2005 (<http://labor.main.jp/blog/>).

national universities. In addition, many of the non-academic staff happened to choose their positions among the numerous civil service positions available after they were selected through the national examination process, and did not think of themselves as being university staff, but as government civil servants.

In April 2004, the appointing power of non-academic staff was entirely transferred from the Minister of Education to the presidents of the universities. In addition, by adopting the non-public servant status, NUCs have become able to recruit among a wide range of people and to manage non-academic staff based on the systems determined by each corporation. From the 2004 recruitment, to replace the national public service examination, NUCs have been jointly organizing NUC recruitment examinations by region.<sup>14</sup> The new recruits were supposed to be more motivated and interested in university administration than the former civil servants.

#### *Goals and plan*

Each NUC's activities are directed and defined by the MTG and MTP, presented or approved by the MEXT. Relevant decisions of the MEXT are conditioned by the Evaluation Committee for National University Corporations (hereafter referred to as the "evaluation committee") set up in the Ministry (mentioned below).

**Medium-term goals and medium-term plan** Medium-term goals (MTG), presented by the Minister of Education to each NUC based on opinions of the latter (Figure 7), are deemed to be one step towards achieving the basic philosophy and long-term goals of individual universities, and are goals which must be achieved within a given time frame. In addition to becoming the guidelines for developing medium-term plans for universities, they will also act as the main criteria for evaluating the performance of universities.

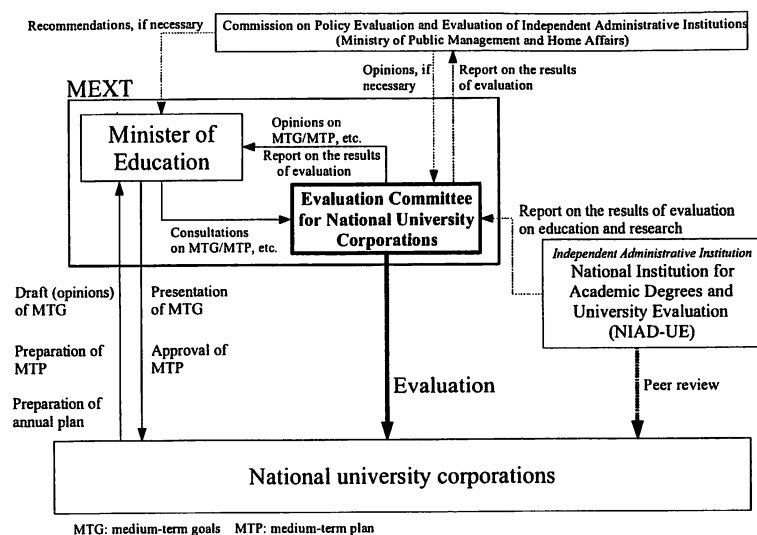
Medium-term plan (MTP) is a concrete plan for achieving the medium-term goals. It will act as the basis when requesting budget (operational grants), and will be a concrete element when evaluating the degree of achievement of medium-term goals.

The MTG/MTP are of six years' duration. It should be noted that it is

14 Only the University of Tokyo organises its own recruitment activities, in addition to those through the joint examination.

longer than the duration of MTG/MTP of IAI, which is four years. In addition, consultation with universities is mandatory before the definition of medium-term goals by the Minister of Education, which is not the case with IAIs. These differences reflect the respect from the government for the university autonomy.

Figure 7: Evaluation System of National University Corporations



Source: Created by the author.

### Preparation of the medium-term goals

The Minister of Education defines objectives of each NUC as medium-term goals that are to be realized within a period of six years (Article 30). These goals are presented respectively to NUCs, and announced to the public. The same procedure applies in case of amendment of goals.

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

1. Amelioration of the quality of education and research;
2. Improvement and development of the efficiency of operational management;
3. Improvement of the balance;
4. Checks and evaluations of the state of affairs of education and research as well as organization and management, which are conducted by the corporation, and those of the provision of relevant information; and

### 5. Other important items regarding the operational management.

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

**Preparation of the medium-term plan** Based on the medium-term goals presented by the Minister of Education, each NUC prepare a medium-term plan aimed at realising the aforesaid goals<sup>15</sup> (Article 31). The plan should be approved by the Minister of Education. The following items should be stipulated in the medium-term plan:

1. Measures necessary for the realization of goals related to the amelioration of the quality of education and research;
2. Measures necessary for the realization of goals related to the improvement and development of the efficiency of operational management;
3. Budget (including estimated personnel expenses), revenue and expenditure plans, and financial plan;
4. Maximal amount of short-term borrowings;
5. When the transfer or mortgaging of important property is intended, a plan of such operation;
6. Use of surplus funds;
7. Other items related to operational management, stipulated by the ministerial ordinance of the MEXT.

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

**Drafts of the first medium-term goals and medium-term plans** In July 2003, a model of items to be included in the MTG/MTP was presented by the MEXT to national universities (extracts in Table 3 and Table 4).

<sup>15</sup> In practice, drafts of goals and plans are being prepared by universities at the same time. The draft of goals prepared by each university is regarded as an opinion stipulated by law.

Table 2: Model of Items to be Included in the Medium-term Goals (Extract)

(preface) Fundamental goals	
I.	Period of the medium-term goals and basic academic units
II.	Goals regarding the improvement of the quality of education, research and other activities of the university
1.	<u>Goals regarding education</u>
(1)	Goals regarding the results of education
(2)	Goals regarding the contents of education and others
(3)	Goals regarding the implantation structure of education and others
(4)	Goals regarding the support to students
2.	<u>Goals regarding research</u>
(1)	Goals regarding the standards and results of research and others
(2)	Goals regarding the development of the implantation structure of research and others
3.	<u>Other goals</u>
(1)	Goals regarding service to society, international exchanges and others
(2)	Goals regarding the university hospital
(3)	Goals regarding the attached (primary and secondary) schools
III.	Goals regarding the improvement and rationalization of operation and others
1.	<u>Goals regarding the improvement of the administrative structure</u>
2.	<u>Goals regarding reviews of education and research structure</u>
3.	<u>Goals regarding streamlining the personnel management</u>
4.	<u>Goals regarding the improvement and rationalization of clerical works</u>
IV.	Goals regarding the improvement of financial affairs
1.	<u>Goals regarding the increase of own resources including external research funds</u>
2.	<u>Goals regarding the control of expenses</u>
3.	<u>Goals regarding the improvement of the use and administration of properties</u>

- V. Goals regarding self checks/evaluations and the provision of information about the aforementioned activities
1. Goals regarding the improvement of evaluation
  2. Goals regarding the promotion of information disclosure
- VI. Other important goals regarding operation and administration
1. Goals regarding upgrading/utilization of the property/equipment and others
  2. Goals regarding the security management

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Source: MEXT.

Table 3: Examples of Items to be Included in the Medium-term Plan Corresponding to the Medium-term Goals III - 1 (Improvement of the Administrative Structure)

1. Measures to achieve the goals regarding the improvement of the administrative structure  
(examples of items)
  - Concrete measures regarding the establishment of a management strategy involving the whole university
  - Concrete measures regarding an effective and dynamic operation of the administrative structure
  - Concrete measures regarding a dynamic and strategic operation of academic units under the leadership of each head
  - Concrete measures regarding the administration involving both academic and non-academic staff
  - Concrete measures regarding a strategic allocation of on-campus resources in the interests of the whole university
  - Concrete measures regarding the appointment of off-campus experts and specialists
  - Concrete measures regarding the improvement of internal audit functions
  - Concrete measures regarding a system of voluntary collaboration and co-operation with other national universities

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Source: MEXT.

The drafts of the first medium-term goals and medium-term plans were prepared by the former national higher education institutions that were put on the list of incorporation (87 national universities and 2 junior colleges). The drafts were presented to the MEXT by 30 September 2003, and then examined by the evaluation committee. Although the model mentioned earlier had been shown as an example and had not been binding, drafts were generally based on the model.

Among these propositions, there were several remarkable initiatives, including new management concepts, specific and quantified commitments and diverse measures to enhance student services, but the projects consisted mostly of moderate and unambitious ideas. The reason could be mainly attributed to the fact that the detailed NUC system, the flow of funds (especially operational grants), and the criteria for evaluation by the evaluation committee were still not clear at the time of the presentation of the drafts. Several university presidents commented that it had been difficult for them to put numerical goals in the drafts because the criteria for performance evaluation had not been clarified.

The evaluation committee expressed its dissatisfaction with the projects and asked the national universities to revise them. The projects were finally accepted on 11 May 2004 by the evaluation committee and authorized without amendment by the Minister of Education on 3 June. However, before their authorization, 85 of the 89 national institutions had modified their projects. Of these 85, an additional 37 institutions (44 in all) had set quantified targets and a further 32 (43 in all) had set time frames for the implementation of certain programmes.

### Finance

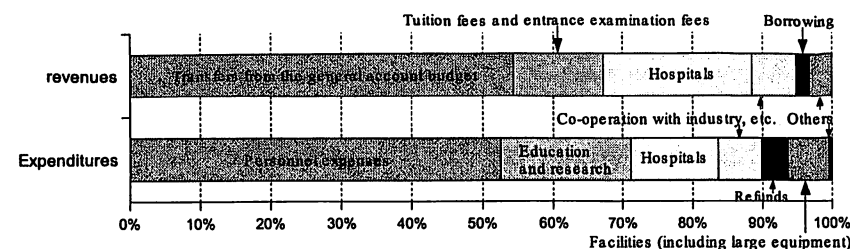
Non competitive public funds are allotted to NUCs as a lump sum based on the MTPs. With respect to the financial accounting systems, the ministerial study group set forth in the final report following three perspectives:

1. Allocation of resources based on results of third-party evaluation of education and research;
2. Flexible financial systems to make the most of university policies and innovations; and
3. Accountability in terms of finance to secure social confidence.

**Abolition of the special account** Before incorporation, the finance of the national university depends quasi entirely upon the Special Account for National Educational Institutions (SANEI). The SANEI was set up in 1964 to finance national educational institutions (essentially national universities), with the purpose of improving these institutions. It also aimed at setting their budget apart from the general account budget to manage their income and expenditures independently. The breakdowns of the SANEI budget for the last fiscal year before incorporation (FY2003),

which amounted to 2,804,529 million yen (US\$ 23,371 million, \$1=120 yen), are shown in Figure 7.

Figure 8: Revenues and Expenditures of the Special Account for National Educational Institutions (FY 2003)



Source: Created by the author based on data derived from the MEXT.

With respect to the revenues, 54.8% of them (1,525,606 million yen) came from the general account budget, which would serve as the basis for calculating the amount of the first operational grants. It should be noted that, both for revenues and expenditures, the university hospitals accounted for a substantial proportions (respectively 21.2% and 12.5%).<sup>16</sup> Whether a university had a hospital or not at the time of incorporation would affect considerably its financial situation.

As seen above, the operation of national universities used to rely essentially on the budget allotted by the government. Hence, the national accounting system governed the account of national universities, which involved strict controls and a high degree of micromanagement from the government. The budget allotted to each university was earmarked in detail, and very few decisions on how to spend it were left to the discretion of each university. In addition, the previous system required plenty of bureaucratic formalities, and lacked efficiency.

Under the SANEI system, all the income except some mission-specified resources, such as research grant from industry, went to the special account. Fees, such as tuition fees and entrance examination fees, were determined by the government, and they went to the special account as well.

**Operational grants and other resources** Operational grants are given to

<sup>16</sup> In principle, personnel expenses of the hospitals were excluded from the hospitals expenditures, but included in the item "Personnel expenses". Normally, university hospitals do not generate a surplus if their personnel expenses are taken into account.

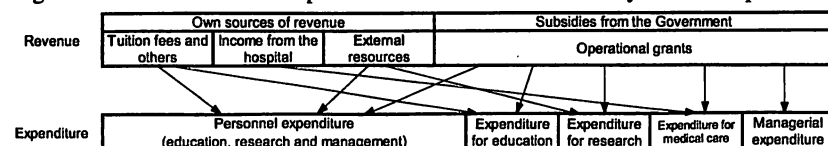
the NUCs based on the MTPs in order to ensure their activities. They are the total sum of 1 and 2 below.

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

The income such as tuition fees is, as a rule, at the discretion of NUCs, and they are able to fix their fees within the limits set by the government. For 2004, it was decided that the NUCs could raise the entrance fee and tuition fees by as much as 10% over the standard amounts set by the Ministry. The standard amounts for both the fees were the same as the amounts for 2003, i.e. JPY 282 000 and JPY 528 000 respectively. For 2004, all NUCs set fee rates that were identical to the standard amounts.

NUCs are able to execute operational grants and most of other income at their discretion, without earmarking, but they should be accountable for the use of resources. Hiroshima University, for example, presented its initial plan to allocate its resources as follows:

Figure 9: The Revenue and Expenditure of Hiroshima University after Incorporation



Source: Hiroshima University.

As for the use of their funds, NUCs should go through strict evaluation a posteriori. The results of the third-party evaluation of education and research at each university will be appropriately reflected in allocating operational grants of the next term of the MTG/MTP.

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

industry has been expected to increase and to generate considerable benefits.

**Investment in facilities and borrowing** The final report suggested that, in order to achieve more flexible administration, some university facilities might be separated from NUCs and established as different types of corporations, and that, if necessary, NUCs might finance these corporations. In particular, NUCs have become able to invest in a technology licensing office: intellectual property, which belonged to inventors under the former system, is now handled by NUCs. Industry-university co-operation is expected to be boosted. In addition, NUCs are allowed to raise funds by borrowing.

### Evaluation

Under the NUC scheme, evaluation a posteriori has an important role. The evaluation committee is in charge of the evaluation of the performance of activities of NUCs and of other items in relation to the competence attributed to the evaluation committee (Article 9). With respect to the matters essentially related to education and research, the evaluation committee receives reports from the National Institution for Academic Degrees and University Evaluation (NIAD-UE),<sup>17</sup> in order to respect the specialized nature of education and research of universities.

The evaluation committee reports the results of evaluative activities to the MEXT as well as to the Commission on Policy Evaluation and Evaluation of Independent Administrative Institution (CPEEIAI) in the Ministry of Public Management and Home Affairs. The CPEEIAI may make recommendations to the evaluation committee as well as to the MEXT, if it deems this to be necessary.<sup>18</sup> The evaluation committee was, prior to the foundation of NUCs, set up on 1st October 2003, consisting of 16 members from academia and other backgrounds. It held its first general meeting on 31 October, and selected Ryoji Noyori (2001 Nobel laureate in chemistry) as its chairman.

<sup>17</sup> It is an independent administrative institution under the MEXT, whose missions are to conduct evaluations of teaching conditions and research activities at universities, as well as to assess the results of various learning provided at the higher education level and to awards academic degrees to learners recognized as having fulfilled required academic standards.

<sup>18</sup> At present, the role of the CPEEIAI is not clear. But its evaluation may condition the future of the NUCs within the framework of the governmental restructuring.



### Transition to national university corporations and challenges

Initially, the proposal of the incorporation of national universities was not welcomed by national universities. Many academic and non-academic staff members as well as students in national universities protested for various reasons: some found it to be a violation of the academic freedom, and others doubted if the government intended to lower its responsibility in higher education leading to a reduction of the relevant budget. Nevertheless, incorporation of national universities was swiftly carried out without incident (Aizawa, 2005, p. 6), although preparations for the incorporation had not been an easy task at all for each national university.

However, some major questions remained unsolved or only partially addressed at the time of the incorporation, and since then, they have frequently been identified as causes of tension. From among these questions, the finance, the evaluation methods, the public-private sector issue, the management and staffing are addressed hereinafter.

#### Finance

The NUC finance scheme was negotiated between the MEXT and the Ministry of Finance (MOF) during the preparation of the FY2004 budget. The MOF asked the MEXT to reduce annually the operational grants, and to compensate for the reduction by a rise in tuition fees and others. The MEXT and the JANU expressed their opposition to this plan. In December 2003, the JANU adopted unanimously a petition calling for substantial budget allocation for national universities and other demands, and expressing the possibility of resignation of the presidency at the time of the incorporation of national universities. Finally, both ministries reached a compromise, agreeing that the operational grants would be reduced by 1% per year, except for the amount corresponding to the salary cost of academic staff.

To address this reduction, many NUCs have focused their reforms on managerial efficiency in allocation and utilization of existing resources. Shiga University of Medical Science, for example, carried out a detailed analysis of the cost calculation and applied cost improvement measures to certain areas to improve the financial situation of the university. Mie University developed a "Cost reduction action plan" to reduce by 10% the cost of supplies, electricity, fuel, water, etc. by the end of FY 2009. The University of Tokyo set up a Division of Environment and launched an energy-saving campaign which resulted in a 10% reduction in the maximum electric power demand in the summer 2004.

NUCs make efforts also to multiply their resources for additional income. Among the income-generating activities, intellectual property rights (IPR) related activities have attracted the most attention. In certain universities, technology licensing offices (TLO) were established as an incorporated business. The University of Tokyo, for example, established a University-Industry Relations Office, the director of which is one of the university's vice-presidents, and also set up its own on-campus technology licensing office (Toudai TLO, Ltd.: CASTI) by incorporating an existing company located off campus. However, IPR-related resources, although regarded as the most exploitable among developmental activities, are supposed to generate only a limited amount of income to NUCs (Tomiura, 2005, p. 59).

#### Evaluation

After incorporation, the budget is allotted as a lump sum (operational grants), and the performance of each university is to be evaluated at the end of the MTG/MTP period. The allocation of the budget of the next period is supposed to vary according to the results of that evaluation. Hence, the success of the reform will depend significantly on the evaluation practices that will be employed by the evaluation committee as well as the NIAD-UE. However, at the first meeting of the evaluation committee in October 2003, Noyori, the chairman of the committee, pointed out that university activities were quintessentially multi-dimensional with different values and recognized that there had been no criteria and methods set to appropriately evaluate such activities. The evaluation committee has addressed the issue by assessing annual reports submitted by NUCs every year, and by identifying the best practices.<sup>19</sup> This approach is very different from that of some other countries such as France, where the Ministry of Education set detailed evaluation criteria and indicators as to its contracts with universities under the new budgetary scheme introduced by the LOLF (DGES, 2006).

Within each university, an evaluation committee has been established to assess the effectiveness of its activities. In some universities, a centralized information system on the output of teaching staff has been set up to collect data on teachers systematically, including the number of publications, the number of papers presented at international seminars and

<sup>19</sup> See Oba (2007a).

the total amount of grants received. However, the committee often finds it difficult to agree on how to evaluate teachers' output, for example, with regard to the use of impact factor and citation databases. In particular, evaluation of pedagogical activities and other non-research activities is most problematic.

#### *Public and private sectors*

Increased competition among universities has given rise to further questioning of the gap in governmental funding between national universities and private universities, which resulted in differences in tuition fees of both sectors (Oba, 2004). In FY 2003, 99 national universities (including junior colleges) and other national educational institutions received 1,525,606 million yen,<sup>20</sup> whereas 989 private institutions<sup>21</sup> received only 321,750 million yen for operational expenditure.<sup>22</sup> Private universities have long questioned the gap, which has contributed to increasing subsidies for their sake, but may have decreased the entire budget allotted to higher education. In spite of the subsidies, it has never worked towards the reduction of the gap, since the tuition fees of private universities have paralleled the progress of the tuition fees of national universities.

The Ministry of Finance, taking advantage of the questioning by the private sector, has succeeded in raising the tuition fees of national universities on the pretext of reducing the gap and of the beneficiary-payment principle. In fact, on 26 November 2003, the Financial System Council reported to the Minister of Finance and recommended the adoption of a system that would enable each national university to revise tuition fees, in light of the gap between national and private universities and thorough implementation of the beneficiary-payment principle. Based on the recommendation, the Ministry of Finance proposed to the MEXT that the latter set a rule to make national universities automatically raise tuition fees after incorporation.<sup>23</sup>

Ultimately, the incorporation of national universities has been

20 This amount was equal to the transfers from the general account budget to the SANEI. It included the budget for non-university institutions such as inter-university research institutes.

21 This number included all the private universities and junior colleges comprising those not receiving national subsidies.

22 Apart from these subsidies, private institutions received subsidies for equipment and facilities (23,550 million yen).

23 Yomiuri On-Line, 11 December 2003. Finally, this proposition was not adopted.

blurring the difference between national and private institutions. Hence, national universities will have to define their missions, being distinctively different from those of private universities, and also from those of public universities. Mergers of small national universities, which have been occurring since April 2003, may be one of the preconditions for that.<sup>24</sup> But, more fundamentally, they should be committed to serving to the public interest that cannot be accomplished in some other way.

#### *Governance and management*

The presidents serving at the time the incorporation were appointed as presidents of the NUCs. Since then, presidents have been appointed by the Minister of Education on a proposal made by each NUC, which is prepared by the selection committee confined to appointed members, including persons from outside the university. The new selection method has not been well received by most academic staff, since presidents were traditionally selected by a vote among teaching staff. Many universities have kept a voting system, but it has no longer the same validity. For example, the regulations of Ochanomizu University specify that the selection committee must consider three candidates elected by teaching staff, but without being notified of the ranking of candidates so as not to be influenced by it. However, a few universities including Tohoku University<sup>25</sup> have abolished their voting systems.

In addition, the position of the president is more open to persons from outside the university campus, sometimes including non-academics. Kyoto University revised its president selection rule and made it possible to select a candidate from outside. The Kanoya National Institute for Physical Education and Sports was the first university to have an open competition for the position of president. After reviewing the applications, four candidates were selected, including two non-academics. The Committee finally selected two candidates, one of whom was the former CEO of a company and the other the serving president, and the final choice was then made by the teaching staff.<sup>26</sup>

On the other hand, in preparing for incorporation, national

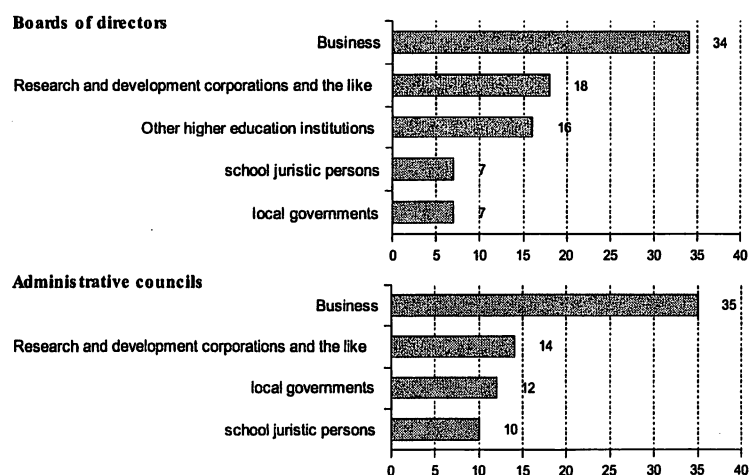
24 The number of national universities decreased from 100 in 2003 to 87 in 2006.

25 Tohoku University is a research-orientated former imperial university. Its decision came as a surprise to many people.

26 Nippon Keizai Shinbun (Nikkei Journal) dated 5 August 2004. The serving President was ultimately selected following this vote.

universities strengthened and reconstituted their management teams around the president. Presidents now have more vice-presidents and assistants, and they have their own secretariat or office more often than was previously the case. The board of directors and administrative council have a number of outside experts as members, including business managers, public accountants, lawyers and former senior ministerial staff (Figure 10). Some universities extend invitations to foreign experts. For example, Hiroshima University made Bruce Johnstone a member of its administrative council. Kobe University appointed Michael Lewis Shattock, formerly Registrar of Warwick University in the United Kingdom, as an administrator, and in this capacity he sits on the board of directors.

Figure 10: External Experts by Affiliation or Affiliated Organization in the Boards of Directors and the Administrative Councils (%)



Source: JANU (2004)

At the same time, national universities have reduced the number of committees of teachers, traditionally regarded as symbolising the collegial democracy. For example, Hokkaido University cut the number of committees by half and created five management units under the president, including the planning and steering unit and the research strategy unit. Ochanomizu University eliminated almost entirely over 60 committees

and set up 11 management units.<sup>27</sup>

However, it should be noted that, as C. Kerr (2001, p. 126) pointed to based on American experiences in the 1960s, academic reforms without active faculty participation are likely to fail. In a similar vein, after examining the Japanese incorporation policy, Robert Birnbaum (2004) pointed to an undeniable importance of the shared governance for Japanese national universities. He characterized the shared governance as a cultural rather than rational concept, where a co-operative principle, rather than strong presidential leadership or hierarchical structure, was accepted. He also stated that the central cultural governance value in American universities, often considered as a model for NUCs by Japanese administrators, was institutional autonomy and that the institutional effectiveness could be maintained only if major decisions were made through such institutional governance system.<sup>28</sup>

His arguments are of considerable importance to the executive body of each university, suggesting that it may not be desirable to strengthen the decision-making of the executive body structurally, but that the directors must try to involve both academic and non-academic staff, as well as students if necessary, in a manner consistent with the institutional values of their university. In a survey conducted in 2006 (Oba, 2007b) in Japanese universities, presidents and vice-presidents were not in favor of a further reduction of the role of the university-wide committees, but expected rather their reinforcement. Hence, this result may imply that the significance of shared governance in universities is being recognized by administrators.

### Staffing

Before incorporation, the decision to appoint or promote academic staff was made as a rule by the faculty council, even though the formal power in decision-making rested with the president. This process is in principle still in place, but the university administration and outside experts are increasingly involved in it. Most often, when a teacher retires, his/her department can no longer expect that it will automatically keep this post. It is up to the administration to decide whether the post should be

27 *Nippon Keizai Shinbun* (Nikkei Journal) dated 27 March 2004.

28 The same remark was made by M. Henkel from the British perspective. She said "the strength of their university depends ultimately on the reputation and capacity of their academic staff and the degree to which they identify with the university" (Henkel, 2007, p. 10).

reassigned to a specific department (which might be the same department) or whether it should be abolished. In addition, some national universities intend to introduce fixed-term contracts for a larger proportion of teaching staff. For example, Tokyo University of Medicine and Dentistry decided to sign fixed-term contracts with all teachers. Although this policy was applied only with the consent of teachers, 90% of them agreed to fixed-term contracts, and it was viewed that 25 to 30% of contracts would not be renewed when they expire.<sup>29</sup>

As for non-academic staff, despite the change in staff status, the 2004 joint employment examinations attracted number of applicants, and competitions were often very selective. In addition, some universities have also recruited experts to fill some managerial positions requiring specialized knowledge and skills. This kind of recruitment was not possible before universities were incorporated. For example, the University of Tokyo appointed a former manager of JR (Japan Railway), which had previously undergone privatization, to the post of director of the financial analysis unit, established at the time of incorporation to manage all of the university's resources which, traditionally, had been administered individually by each faculty.

On the other hand, the change in status has often resulted in greater conflict between the administration and trade unions. As the unions now have full labor rights, previously limited under the civil service regime, they have begun to submit various demands to the university administration, including salary and overtime compensation. The overtime payment is a real problem, since NUC funding is not sufficient to cover all possible payment. In some universities, following negotiations, trade unions filed complaints against their administration with labor inspectorates.

## Conclusion

In Japan, a state-managed national university system, created in the Meiji era based on the Humboldtian model, functioned relatively well more than hundred years in the framework of industry-government-academy collaboration. The framework came to an end in the period following the

fall of the Berlin Wall in 1989, which corresponded with the advent of the knowledge society and the development of lifelong learning. Japanese government, like many other governments in the world, proceeded with a bunch of reforms in the period for improving quality and effectiveness of higher education. In 2004, as one of the higher education reforms, Japanese national universities were incorporated after long discussions over its governance structure. This reform was in line with new approaches to governance in OECD countries, combining the authority of the state and the power of markets: a greater freedom to run their own affairs, allocation of public funds in lump-sum form, encouragement of non-public funding, an increased accountability and an evaluation a posteriori (OECD, 2003, p. 60), labelled "managerialism" or "new public management (NPM)".

While the former national university system was regarded as unsuitable or inflexible for a post-industrial or information-orientated period in which the world became too complex and rapidly changing for a centrally directed, standardized and controlled university system (Goldfinch, 2004, p. 259), the new NUC system also has some innegligible weaknesses. First, public funding is decreasing and the NUCs are facing a financial instability. Tuitions fees are too high to be further raised and other non-public resources are small and precarious.<sup>30</sup> The volatility of funding may undermine NUCs' financial viability and make them vulnerable to downward pressures on the quality of education and research. Second, evaluation methods have not been established, in spite of great efforts by the evaluation committee of the MEXT and the NIAD-UE. They may be well specified by the end of the first term of the MTG/MTP. However, the NUCs will be also evaluated by the CPEEIAI within the framework of the government policy evaluation, and its methods and criteria are uncertain. Its evaluation results may be more crucial for the future of the NUCs. Third, the reform blurs the distinction between the public and private sectors of higher education. National universities and private universities are increasingly competing for students as well as the same resources of funding, and some of the latter now rival the best national universities. Private universities insist that the NUCs should compete with them on an equal footing. Fourth, NUCs often

29 *Nippon Keizai Shinbun* (Nikkei Journal) dated 3 August 2004.

30 It is true that the revenue from university hospitals represents a major source of funding, but as mentioned earlier, their cost (personnel expenditure included) is superior to their income.

lack management capacity and are unable to develop clear organizational strategies. Training for administrative staff (including top administrators) in various fields as well as initial education at post-graduate level and professional associations in various fields of competence should be developed. Fifth, management without involvement of staff, students and external stakeholders is ineffective. The central administration of each NUC was given greater power, but it has not yet effectively integrated voices across campus and from different stakeholders (Isoda, 2005, p. 54). While much effort has been done for a better governance structure, as Kerr (2001) pointed out, a specific governance arrangement affects only exceptionally the institutional effectiveness (p. 136).<sup>31</sup> Lastly, co-operation among institutions is still very limited. It is essential for cost sharing, diffusion of best practices, lobbying for political issues, etc.

Although the future of national universities is unclear, the fact remains that much more changes are expected. However, a new system cannot be established overnight and time is needed to learn and adjust to new practices, especially the new planning and evaluation culture. It should be noted in this regard, for example, that the *politique de contractualisation* (contractualization policy) of France took nearly 20 years to become truly functional (Frémont et al., 2004). Finally, it is safe to say that the role of the state-managed model is over, but a market-driven model as found in the US seems inconsistent with the Japanese higher education system. Government is withdrawing from direct management of national universities, but still has an important role and, like in many other East Asian countries where market-driven reforms have strengthened the nation states (Mok, 2007), should influence them to ensure that public goals are met in higher education. Under such policy framework, it is essential to develop a culture of dialogue between universities and government and to build a community in which all the stakeholders collaborate for a further development of higher education.

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31 See also Kaplan (2004) and Lombardi et al. (2002).

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