

Seeking a Roadmap to Becoming World Class: Strategic Planning at Peking University

Guangkuan Xie^{a,*}

^a*Peking University,
People's Republic of China*

Introduction

Strategic planning in higher education is usually defined as a “formal process designed to help an organization identify and maintain an optimal alignment with the most elements of its environment” (Rowley, Lujan, and Dolence 1997, p. 15). It builds a foundation and creates a vision for decision-making. But does strategic planning really result in institutional improvement? This paper examines how strategic planning has worked thus far in Chinese universities, using Peking University (PKU) as a case study. The discussion begins with PKU’s aspiration on joining the ranks of world-class universities and the role of strategic planning in the 1990s. It goes on to describe how PKU developed, implemented, and evaluated its strategic plans. It concludes with an examination of the current role of strategic planning at PKU.

Controversial Roles: Panacea, Poison, or Placebo

Panacea

In late 1970s, American universities were seeking to deal with serious financial, demographical, technical and social environmental changes. Traditional university management methods appeared inadequate. George Keller studied this relatively new trend in higher education and declared that strategic planning was needed, “management revolution in American higher education” (Keller 1983). According to one survey, 88 percent of postsecondary institutions in USA professed using some form of strategic planning in 1985 (Cope 1987). It was perceived to be a panacea.

Poison

However, one decade later, many people started to question the effectiveness of this so-called panacea. A nation-wide study showed that, many prescriptions in current planning literature are not consistent with the realities of campus decision processes (Schmidtlein and Milton 1988-1989). Henry Mintzberg argued that the most successful strategies are visions and that strategic thinking is more important than strategic planning. Strategic planning is analysis, while strategic thinking is synthesis. Strategic planning is not strategic thinking and often spoils strategic thinking. This was why strategic planning in US universities generated meager results (Mintzberg 1994).

Robert Birnbaum described strategic planning as a management fad in higher education that was popular from 1972 to 1994. He agreed with Mintzberg and added some unique reasons for resisting the lure of strategic planning in higher education. These reasons included the assertion that the idea of strategic planning is in conflict with the organizational culture of universities, where authority is broadly dispersed among academic communities. Further, many universities spent extensive resources on strategic planning without much result (Birnbaum 2000). For these critics, strategic planning is a kind of poison, rather than a panacea. Though the practice is not dead, the use of strategic planning declined considerably in the 1990s.

Placebo

Mintzberg and Birnbaum’s attack caused many people to rethink the application of strategic planning both in business and higher education. Since then, universities have paid more attention to the implementation phase of planning and having a “strategic plan” has

*Corresponding author: Email: kuan393@pku.edu.cn. Address: Institute of Medical Humanities, Peking University, Beijing 100191, P. R. China

become a necessity for American colleges and universities (Rowley and Sherman 2001). Strategic planning, for example, is now one component of university accreditation by the Western Association of Schools and Colleges (WASC).

Yet there is scant evidence of its influence on institutional improvement. Bolman insists that, "Planning is a ceremony any reputable organization must conduct periodically to maintain legitimacy. A plan is a badge of honor that organizations wear conspicuously with pride. A strategic plan carries even higher status" (Bolman and Deal 2003, p. 279). Compared to panacea and poison, strategic planning is, thus, more like a placebo: It often does no harm to the organization; but it hardly does good to improve the organization's effectiveness.

There is still not enough empirical evidence to prove conclusively whether strategic planning does or does not work in higher education. Both proponents and opponents of strategic planning can point to specific, but limited, anecdotes to support their positions (Dooris, Kelley, and Trainer 2002).

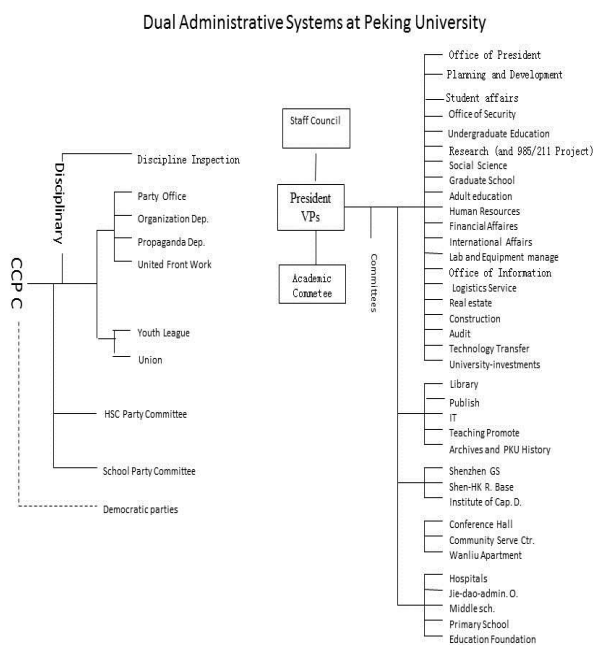
PKU: A Case Study

Since the 1990s, Chinese universities started to develop and implement strategic plans. Now, every key university in China is required to have a strategic plan. So, how have strategic plans been made, implemented and evaluated in China? What roles does strategic planning play in the organizational changes of universities?

The governance structure of Chinese universities is very different from that of American universities (Figure 1). A parallel governance component of the Chinese Communist Party (CCP) exists alongside an academic administrative structure which is found in American universities. In the case of PKU, one President and eight vice presidents lead the academic governance structure. They are responsible for about 50 academic units and 20 administrative offices, as well as various libraries, hospitals and service centers. The Academic Committee, consisting of top scholars, offers consultations to the President on academic affairs. In turn, the President reports to the staff representatives' conference.

Paralleling this structure, there is the Chinese Communist Party System, which appoints the senior officials and deans in the academic structure. One Party Secretary and four vice secretaries are in charge of the Office of Party Committee, Office of Discipline Inspection Committee, Organizational Department, Propaganda Department, United Front Work Department, the Youth League and the Labor Union, as well as communication with other democratic parties. These committees and departments have many management functions, in addition to political functions. The university congress of party representatives, held every four to five years, discusses and reviews the universities' developmental strategies.

FIGURE 1
DUAL ADMINISTRATIVE SYSTEMS AT PKU



The Backgrounds of PKU's World-Class University Building Plans

National Background: In 1978, the Chinese government decided to replace its existing planned economic policy with a new open-door policy. Since then, economic growth has become the focus, resulting in a Chinese economy that has been growing rapidly for the past 30 years. The Program for Education Reform and Development in China (1993) and the Higher Education

Law (1998) granted the universities more autonomy. The Chinese government launched the “211 Project” in 1995 and “Project of World-Class University Building” (985 Project) in 1998 to give top universities extra resources. For instance, PKU and Tsinghua University were funded by the government with 1.8 billion RMB during 1999-2001.

Local background: In the 1990s, Beijing’s ambition was to become a world-class city similar to New York, London, and Tokyo. The government believed that having world-class universities was essential. Impressed by the success of Silicon Valley in California and the partnership between businesses in the Valley and higher institutions, the Chinese authorities decided to develop the Zhongguancun area of Beijing as the Chinese Silicon Valley by promoting collaborations between businesses and academic institutions, and Zhongguancun subsequently grew in prosperity.

Institutional Background: With decentralization and marketization reform of Chinese higher education, the universities gained considerable autonomy to decide what to teach and how to teach, to appoint staff and to obtain resources from the market. Furthermore, more prestigious universities gained an even greater level of autonomy (Yang, Vidovich, and Currie 2007). As a result, PKU now has much more freedom to design its own programs, to reform its own enrollment system, and to appoint its vice presidents and other high level leaders.

In the 1990s, faculty salaries were very low and their office and housing conditions were terrible. As a consequence, PKU faced a faculty recruitment crisis at that time. From 1994 to 2000, roughly 75 percent of professors and associate professors were approaching their retirement age. However, it was very difficult for the university to successfully recruit enough qualified young people to join the faculty.

Why Building a World-Class University Has become a Strategic Goal for PKU?

Chinese higher education has a long history. However, modern Chinese universities were established just

after western countries defeated China. Based on such a historic background, Chinese universities were born with strong political missions: to make China powerful and strong, to improve China by learning from western countries and to restore the dignity of China. Therefore, it is not strange that building a group of so-called world-class university has been a dream for generations of Chinese people. In 1902, Zhang Baixi, the president and one of the founders of the Imperial University, wrote to the Central Government and argued that his university should be a top university, which would be admired by all the countries of the world (Xiao et al. 1981).

In 1990s, the Chinese government also realized that universities play important roles in national economic development. At that time, there was a shortage of qualified engineering graduates in China. The nation could not compete in higher-value businesses. Innovation is the most important factor in the global knowledge era. However, China was not in a position to compete. Chinese officials realized that research universities were necessary in order for this to happen.

On 4 May 1998, when people were celebrating PKU’s centennial anniversary in the Peoples’ Great Hall, President Jiang Zemin, announced, “In order to realize modernization, China should have several World-class universities of international standard!” In response, PKU and Tsinghua University wrote a letter to President Jiang to explain the necessity and feasibility of building world class universities in China and requesting a funding package which would make it possible to achieve this goal. Their report was approved in 1998 and Ministry of Education launched the 985 Project noted previously. These series of events led to the first coherent attempt at strategic planning at Beida.

The formulation of PKU’s World-Class University Building Plan

The first strategic plan of PKU was generated during 1992-1994 and was approved by the University CCP in 1994. Based on analysis of strengths, weaknesses, opportunities, and threats (SWOT), the plan indicated that it was the University’s objective, “to build a

socialist world-class university” and established a “two-step” strategy:

- Build the foundation for becoming world-class university by 2000;
- Achieve world-class status during the period 2010-2020.

When the national 211 project was launched by the MOE to support the Chinese national key universities in 1995, PKU adopted an action plan—the PKU 211 Project Plan—that led to receipt of significant financial support from the central government.

What followed was a series of revised or new plans. For example:

- In 1998, PKU started to make a new strategic plan after the government announced support for world class a university building in China and finished the first version of the plan in 1999. This plan was revised in 2001 because the Beijing Medical University was merged into PKU.
- During 2007-2010, PKU made its third strategic plan. At first, it was called “Peking University Development Strategy 2008”. Later it was turned into “Peking University 985 Project Corporate Plan (2010-2020).
- In 2012, PKU made its “twelfth five-year” plan according to the requirement of Ministry of Education.

At PKU, a typical strategic planning process generally consists of three stages: strategy formulation, political discussion and action plan development. The strategic planning activities from 2007 to 2010 will be used to illustrate the process.

Stage 1—Strategy Formulation: The first stage of the process includes a mission statement, a vision statement, an articulation of core values and a SWOT analysis. To guide the process, in September, 2007, the university appointed a Strategic Planning Committee chaired by the executive vice president and provost, Lin Jianhua, and consisted of 21 professors. Six staff mem-

bers were organized as a group to support the Committee. The staff compiled an e-mail list of 800 professors to discuss issues related to the strategic plan. The statements of mission, vision and core values were discussed by many groups of people before finalizing the draft of the plan.

Stage 2—Political Discussion: In most cases, the draft of the strategic plan is subject to approval by the CCP Party Representatives’ Congress. It’s a political discussion process and a valuable opportunity to obtain financial support from the government. As this process unfolded from 2008 to 2009, it was not clear whether the central government would launch the 3rd phase of the 985 project. In order to secure more funding, PKU leaders invited government officials to PKU on separate occasions from May 2008 to March 2009. As a result of their efforts and other political debates, the government decided to continue with the 985 project.

Stage 3—Action Plan Development: After the central government promised to provide more funding to the project, the university developed its action plan based on the strategic plan. A draft was finished in 2010 and reviewed by the deans, faculty representatives, staff representatives and famous professors. After several revisions, the corporate plan (2010-2020) was approved by the University Council and submitted to the MOE in November 2010.

Implementation of the World-Class University Building Plan

Improving Faculty Quality: Since 1999, the university started to increase faculty compensation by distributing subsidy packages. PKU also took advantage of national programs such as the Changjiang Scholars Program to attract the best professors. With the support of the nation’s “Thousand Talent Plan”, the University got some top professors who held tenured positions in American research universities. The number of endowed chairs also increased thanks to donations from individuals and corporations. As a result, the quality of the faculty improved significantly during the past 13 years.

Nevertheless, there have been some unintended consequences. The young faculty in the area of humanities fought fiercely against the tenure system. In 2003, they published articles and posted comments on websites to condemn the reform. The issue was vigorously debated. After the reform plan was implemented, some professors still tried to keep their own students as faculty members by sending them out to do several years of postdoctoral work and then calling them back to the department.

Restructuring the University

In order to improve administrative efficiency, PKU reduced the number of administrative offices as well as administrative positions and reformed its administration of academic schools, departments and research centers. Between 1952 and 1990, PKU's mainly focus on basic research and the training of scholars. With the carrying out of the plans, professional schools such as Law School, School of Government, School of Journalism and Communication, College of Information Science, School of Engineering, College of Environmental Science and Engineering, and the Medical School were established. The University also merged different departments into colleges and tried to adopt an American university management style in some new institutions.

The process of restructuring was not easy. The university tried to merge different departments into several colleges to improve administrative efficiency, promote general education and encourage inter-disciplinary research. However, some departments, such as the Department of History, the Department of Philosophy and the Department of Psychology, refused to be merged into colleges. While some other departments, such as the Department of Chemistry, actively merged into a college by their own. In the final analysis, the total number of schools increased very quickly. In addition, four divisions (Humanities, Social Sciences, Sciences, Information, and Engineering) were established to promote collaboration between colleges, and the overall result was to resume the previous three-layer structure.

Reforming the Education System

From the 1950s to the 1980s, Chinese universities were deeply influenced by the Soviet Union model.

Every student took a major that was specifically designed for a job position (e.g., major in wheel tractor). There was no general education, and it was very hard to change majors. Since the 1980s, PKU has been increasing flexibility for academic programs. Yuanpei College was established to promote general education, and undergraduate students are encouraged to participate in research activities.

Graduate education has grown rapidly due to establishment of new research centers, the progress of professional education and the merging of Beijing Medical University with PKU. There were 8,050 graduate students in 2000, with the number more than doubled by 2010. Furthermore, the graduate programs became increasingly flexible, and the quality of education has been improved.

The university also promotes internationalization and globalization. For instance, PKU encourages domestic students to study overseas for one semester or longer. In 2010, 17.2 percent of PhD students, 5.3 percent of master students and 6.7 percent of undergraduate students have studied in foreign universities. As well, the total number of international students studying at PKU has been growing at an average of 8 percent per year during the past 10 years, reaching a total of 2,967 in 2010.

Encouragement of Research Excellence

PKU continues to support research through the establishment of many interdisciplinary research centers and the application of research results to economic development. It also encourages researchers to publish papers in high level international academic journals and to collaborate with international institutions. The total number of SCI papers published by PKU authors has increased from 1,760 in 2001 to 4,729 in 2010. Their average impact factor (IF) also increased from 1.3 to 2.97 during that time period (Figure 2).

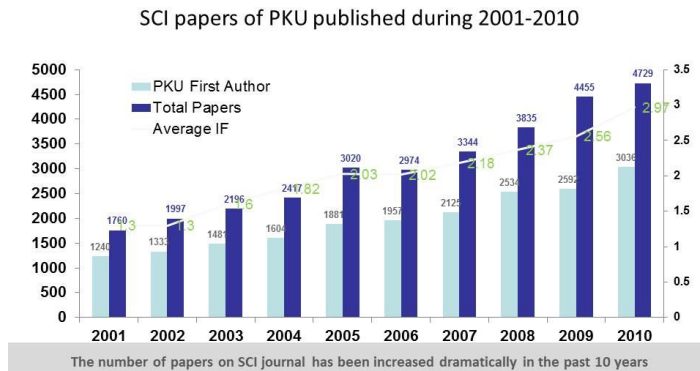
Some problems remain unresolved. The rapid growth of applied research in recent years had a negative impact on the amount and quality of theoretical research work done at the university. Since the 1980s, more and more faculty have shifted their focus to applied research because there have been more funding

resources available for such work, for applied research can attract funding from the private sector.

Another problem is that the university's fundamental innovation capabilities have been threatened. Since faculty's promotion and tenure are determined by research quality, teachers spend more time on their research, rather than on teaching students. Students complain that some courses are not well-prepared, and they do not get enough chance to communicate with their professors.

FIGURE 2

SCI PAPERS OF PKU PUBLISHED DURING 2001-2010



Diversification of Financial Resources

By 1980, the Government ceased to be the sole provider of funding, and the Chinese universities were encouraged to raise funds by their own so that they can have more control over the use of the funds, thereby giving the universities more independence and flexibility. Nowadays, PKU's financial backing comes from different channels including government funding, research income, tuition fees, university enterprises and donations. Over the past ten years, although the University's revenue still mainly comes from the government, income streams from other financial resources increased markedly. For example, total income of PKU increased from RMB 121.6 million to RMB 845.5 million during the time period of year 1999 to 2009, whereas the proportion of income from the government decreased by 13 percent.

Evaluation of the Plan

The evaluation process at the university consists of three stages: First, every academic unit and administrative office is required to submit an annual report to the President. Secondly, the President gives a speech to the staff representative's council. Thirdly, the strategic planning committee reviews the implementation of the former plan before finalizing the draft.

In addition, the governmental agencies will appoint a committee to review the proposals. These programs usually are 3 years in length with a midterm review in the second year and a final evaluation in the fourth year. Unfortunately, these evaluations give too much emphasis on quantified indicators such as the number of papers published internationally and therefore push the researchers to publish as quickly as they can, leading to short-sighted research.

The Roles of Strategic Planning in Organizational Changes

Has strategic planning worked at PKU? The answer is partially yes. It helped PKU secure government funding totaling RMB 8.15 billion from 1999 to 2012, which led to organizational transformation, the establishment of schools and divisions, better faculty recruitment, improvements of the educational system and higher research quality.

There are various interpretations regarding the purpose of strategic planning in university settings. Michael Cohen and James March's rather cynical description observe four roles: as symbols of institutional ambitions, as games to test the administrative will, and as excuse for interaction and advertisements (1974). Based on a case study of three different public organizations, Langley insisted that the roles of formal strategic planning in public sectors are public relations, information, group therapy, direction, and control (Langley 1988). Mintzberg described it as mainly having two roles: communication media and control devices (Mintzberg 1994).

In my opinion, there are four major roles which strategic planning played at PKU: as a navigator, a resource accelerator, communication media, and a mechanism

for certain forms of government control and accountability.

Changing Roadmap

The strategic planning process triggers the thoughts of what to do in the next few years. The university leaders develop and revise their strategic plans in response to changing social environments. These plans offer a dynamic roadmap for the progress of PKU.

Resource Accelerator

As noted previously, such plans helped the university get more money from the government and the community. At the same time, government funding went to the university through different agencies according to different operating and capital needs of PKU. Most government allocations have specific instructions on how to use the funds. This required PKU to create new financial models to achieve strategic goals.

Communication Media

Strategic planning builds a platform to bring different groups of people together, such as the university leaders, faculty and staff members, students, alumni, and government officials, to discuss the same topic. When PKU made its "Development Strategies Outline 2008," more than 500 people attended the meetings.

Control Tools of Government

The government can input their expectations during the political discussion phase and influence the university's development by adjusting funding allocations, thereby exercising control over the universities' activities.

Conclusion

In higher education, when we talk about strategic planning, we often ask three questions: Where are you? Where are you going? How will you get to there? In this sense, strategic planning is like global positioning system (GPS) than a panacea, a placebo or a poison. The GPS is useful, but by itself, it cannot take you to your destination; to do that, you need a car, gas, a good driv-

er, and passengers who agree on letting the driver do his job. Over the years, PKU has made strategic plans that have led to significant organizational changes and in the culture of one of China's premier institutions. Some universities in China, and elsewhere, sought meaningful strategic plans, but stumbled due to a lack of good leadership, inadequate resources and obstinate faculty who are often resistant to change. A strategic plan should offer a dynamic roadmap, just like a GPS navigator. When unanticipated problems arise (e.g., a traffic jam) a good GPS can adjust to the changes. In the same way, universities also need to on occasions significantly revisit their strategic plans in response to the social, economic, and political changes that may occur. Choosing when and how to do this is as much an art as generating and pursuing a revised strategic vision.

Note

This paper is based on a speech the author gave at UC Berkeley Center for Studies in Higher Education in 2012. The draft used to be posted as a working paper on the Center's website.

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