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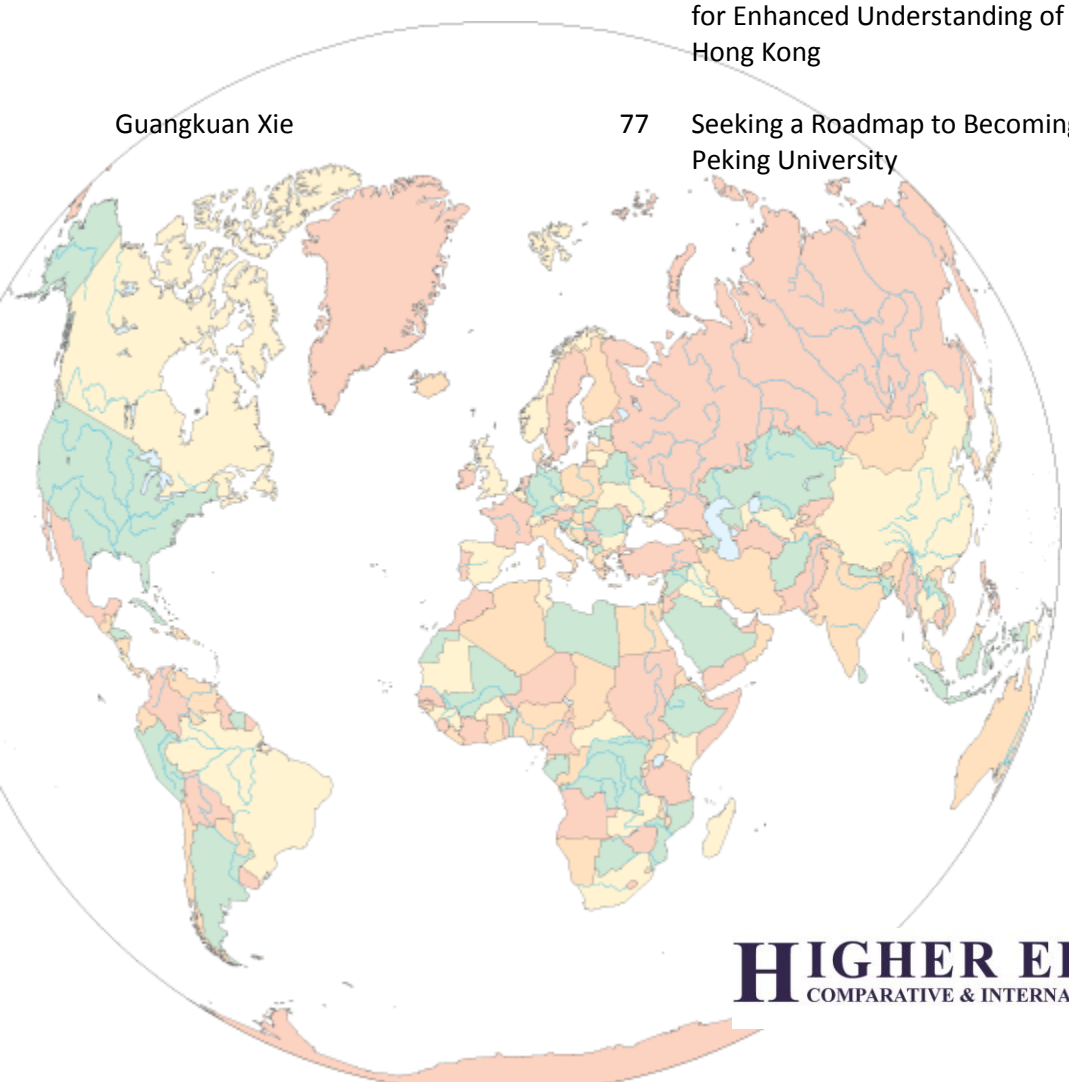
THEMATIC ISSUE - MOVING BEYOND BURTON CLARK'S TRIANGLE: THINKING ABOUT COORDINATION OF HIGHER EDUCATION IN THE CONTEXT OF GLOBALIZATION

FEATURED ARTICLES



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COMPARATIVE & INTERNATIONAL HIGHER EDUCATION

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The State, the University, and Capital: their Relations through Fukuyama's Lens

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Introduction

In his most recent book, *Political Order and Political Decay: From the Industrial Revolution to the Globalisation of Democracy*, Francis Fukuyama (2014) argues that a well-ordered society requires a strong state, the rule of law, and democratic accountability. It is also a strong state that must come first, while states that democratize before acquire the capacity to rule effectively, are likely to fail. In this short essay, I attempt to translate Fukuyama's thesis into the domain of higher education, that is, using it as a lens to revisit the relations among the state, the university, and capital—which dictates the market. It is a revisit because Burton Clark has provided an influential model for governance and authority relations analysis in higher education. Then, how does Fukuyama's argument relate to Clark's (1983) "triangle of coordination?" Above all, I see higher education as an open system that is in close contact with and responding to pressures from an external environment. In a demand-response equation of environment-university relationships, the university may be seen as easily moving into a stage of disequilibrium and demands on the university often outrun its capacity to respond.

Clark's Triangle of Coordination and Its Limitation

In a broad sense, Clark's "triangle of coordination" is a model that attempts to illustrate how order can emerge from complex higher education systems that encompass many different goals, beliefs, and forms of authority. Incorporating the state, the market, and the academic oligarchy as the primary forces that dominate coordination of higher education systems, the triangle offers a dynamic model through which order in higher education systems can be properly analyzed, and how academic activities are concerted through interactions between the forces can be well understood. Despite its merits, Clark's "triangle of coordination" seems to show some degree of "decay" towards transformation that encompasses significant changes in the higher education sector and the society at large. First and foremost, though this model desires for an equilateral pattern among the three forces, they work in reality in resemblance to three elastic bands that join in at one end and tug towards different directions. Some thus argue that, in this model, those three forces are mutually exclusive from one another, that is, a kind of "zero-sum effect" of these three modes of coordination (Maggio 2011). In real world, however, a system might be oriented strongly and simultaneously towards two forces, which in Clark's model are supposed to be alternatives. Indeed, recent years have witnessed simultaneous moves towards more reliance on market and greater government direction in many jurisdictions, which is inconsistent with Clark's model. Even importantly, the model appears to be problematically static to address significant changes in the role of the state in contemporary phenomena such as privatization and globalization. In particular, this model serves to direct a great deal of increased attention to the role of the market in higher education, as the state demonstrate a tendency to rely on more market-like mechanisms for the coordination of higher education systems (Bok 2003; Dill 2003; Kirp 2003), which is itself an indication of convergence of two modes. Furthermore, forces of globalization apply uniform pressures across all higher education systems and the way in which systemic behaviors increasingly converge towards common responses.

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Fukuyama's Argument for Raising the Role of the State

Clark's triangle is not a normative model, even though followers of his thesis generally hold that higher education should be free of state control (Johnstone 1999; Larabee 1997; Pusser 2008). In particular, they argue that much of higher education systems should be generated by unordered market-like interactions and not by the planned solutions of bureaucrats and politicians. Clark has then identified some aspects as effective factors of the entrepreneurial university. The entrepreneurial university is characterized by increasing market-like behavior and governance, and develops towards resembling a shopping mall (Clark 1998a, 1998b). The thrust of such thoughts appears to have helped diffuse academic capitalism ubiquitously, whereby faculty employ market-like behaviors in order to compete for resources from external resource providers. The lack of sufficient government support is gradually turning university research from an independent, focused and curiosity-driven activity to a commercially motivated effort with short-term benefits in mind. This market behavior can be seen as governing a wholesale restructuring of higher education, including substantive organizational change, changes in internal resource allocations, changes in the division of academic labor with regard to research and teaching, the establishment of new organizational forms, and the organization of new administrative structures as well as the reconfiguration of old structures (Maggio 2011). Here, the question is whether or not the entrepreneurial university (despite of its claimed responsiveness, efficiency, and innovativeness) is in the optimal interest of the society—even of all parts of the university or of all universities.

Abundant literature has taken on this theme. Here, I would briefly touch upon it from the angle of the relationship between the society and capital. Ever since market is in place, capital has gradually been dictating the relationship among the state, the society and the market. The capital tends to drive the market towards ruthless chase of its maximum interest. This has arguably caused the state's policies and actions that serve to offset the market forces. Now with a much greater freedom brought along by globalization or the emergence of a global market, capital finds it much easier to get rid of the state's regulations and restraints, and those democratic arrangements in a particular society. Thus, bit by bit democratic politics loses its regulatory authority and independence upon an increasingly capital-driven market. Putting it in another way, liberal democracy is now less and less capable of controlling the voracity of capital in the market. Rather, it has become dependent on and even "controlled" by capital in an era where the apparatus of politics turns out to be quite costly. The university is not immune to such changes and has become ever vulnerable to uphold excellence and equity together. A salient example is the robust growth of for-profit universities. Between 1995 and 2010, the number of for-profit universities soared from 343 to 1,313 in the US. They even leverage public resources to boost their own growth. While enrolling 13 percent of American college students, they took one quarter of the total of federal student loans (Mettler 2014). This tendency continued until most recently when Obama administration started tightening regulations upon for-profit universities from 2011.

Precisely in this context, Fukuyama's argument is relevant. He asserts that democracy has somehow exacerbated existing failings of social governance, rather than correcting for them, because it erodes the capacity of government to exert its authority, by subjecting it to too many conflicting demands, including those of market capital. For its part, the university is better conceptualized as being nested—together with the market—within the state (Pusser 2008), rather than existing as discrete and mutually exclusive modes of coordination. In this formulation, the state is simultaneously an actor as well as an instrument of contest, acknowledging the legitimacy of market and the interests of academic estates as they pursue their own goals. This formulation understandably becomes dysfunctional when the state is weak. Typically, a democratic but weak state is characterized by the "Washington Consensus" type behaviors (Rodrik 2006), which are associated with neoliberal policies in general and easily drawn into the broad debate over the expanding role of a free market that in turn ushers in constraints upon the state. As a result,

governments often make responses to social crises with no due diligence. In Clark's triangle, it is argued that key academics are often able to transfer local power to regional and national levels, to expand the academic interest. This is possible through their holding privileged positions, both in access to central offices and in terms of being a key constituency of concern to select political and bureaucratic officials. Yet, this may hardly be effective with a weak state.

Taking Fukuyama's Thesis to Real World Higher Education

Now I attempt to apply Fukuyama's thesis to changes in the role of the state with respect to evolving relationship between the state and the university. At the heart of Fukuyama's argument is a tension (or vector) between the positive and negative sides of democracy. The present democratic discontents in the Western societies (e.g., the politics of complaint happening in the US and to a lesser extent in the UK over the past generation) serve precisely to weaken the state's administrative competency and create a kind of "vetocracy" (whereby too many conflicting demands lead to that no single entity can acquire enough power to make decisions and take effective actions). Arguably, the political disturbance of this nature serves to exacerbate the "organized anarchy" in the university, an enduring dilemma of university management in many Western systems, which precisely characterizes competing interests, objectives, and outcomes in the institutional setting. This is more likely to be true when entrepreneurial universities suffer from "demand overload," whereby "universities are caught in a cross-fire of expectations" (Clark 1998b, p. 6). Indeed, a kind of scholastic inflation in a knowledge era has made universities (particularly the public ones) hard to maintain its status quo (Eastman and Lang 2001), but drawn into constant changes that are often beyond their own control and thus require clear steering.

To provide a contrast, Fukuyama asserts that the East Asian tradition (whereby a strong central government preceded democracy) could enable the state to survive the empowerment of the people and maintain the capacity to rule effectively. Thus China is often cited as exemplifying a strong government, and, in spite of political drawbacks, can arguably "impose the politically difficult but critically important policies needed to move a society forward" (Friedman 2009). Indeed, China takes advantage of a strong state when simultaneously pushing for higher education enrollment growth, constituting new governance structures and seeking to build world-class universities in the past two decades. Driven by the state will, Chinese higher education enrollment grew at an annual rate of 17 percent between 1998 and 2010. During the peak years of expansion, China's fiscal appropriations for higher education increased annually at 17.4 percent between 1998 and 2006. Now in the post-expansion era, in order to address equity issues resulting from the expansion and differentiation processes, the Chinese state made it explicit in a major strategic planning blueprint that the government sector (including the local governments) must take a principal responsibility for advancing education equity, while other societal sectors need to put forth effort as well (State Council of China 2010, Chapter 1, Clause 2). Most recently, for the sake of improving efficiency and relevance of higher education, Chinese government is planning to convert around 600 local universities into a new type of institutional fabric on Chinese soil, that is, universities of applied sciences, aiming to create a binary higher education system that extends to the university level—from the current unitary and stratified one where all institutions are governed and measured according to one single set of criteria (Zha and Wang 2014). These policies and moves (in particular when taking into account their scale and effectiveness) can hardly be imagined in any other systems.

Signs of the moves characterizing the State's will can be observed in democratic societies in the West as well, which indicates their adaptability and necessity in various contexts. To provide an example, the Australian government established a new perpetual Higher Education Endowment Fund (HEEF) with an initial investment of $5 billion from the 2006-2007 surplus. The HEEF is structured so that it can receive philanthropic donations from the private sector and, on request, man-

age individual institutions' endowments. The HEEF income is distributed annually to individual universities for capital works and research facilities. After 2009, the HEEF is merged into Australia's Education Investment Fund (EIF) (Commonwealth of Australia 2009). The HEEF/EIF essentially creates a state endowment program for the aggregate of Australian universities. As such, it enjoys the double advantages of state credibility and market flexibility. In a sense, the Australian move sets a new direction of reinforcing state forces in university operation in a democratic context. In the US, the newly unveiled America's College Promise proposal promises greater access and social mobility through a government initiative to make two years of community college tuition free. Although its success remains to be seen, it reflects the assumption that the state needs to assume an aggressive role to address equity in access to higher education—this time via boosting community colleges.

Conclusion

As an academic entity, the university is often in a weak position to mediate the demands of market and social needs. If the state can be utilitarian, the market is even doomed so. Whereas research independence has turned the university into a powerful knowledge center over the time, short-term product formats in research may inhibit intellectual creativity (Organisation for Economic Cooperation and Development 2008), and result in the loss of all the things we turn to the university for, "breadth of knowledge, far time horizon and independence of voice" (Conlon 2000, p. 150). Globalization has enabled neoliberalism/academic capitalism and market forces to increasingly take hold of higher education everywhere, and growing commercialization of knowledge has gradually become "the norm" to the detriment of future research. Against such tides, liberal democracy appears to be facing the challenges of too many conflicting interests and pressures. Likewise, autonomous universities may be passive institutions—they may live for the past or get lost in face of conflicting demands, rather than rigorously look to the future. For its part, the state needs to stand up and play the role of "gatekeeper" arbitrating market, social, and academic interests. The Chinese and Australian experiences, among others, show that the state acts as a powerful and an effective agent for initiating extraordinary changes in higher education. Here the central question is to what extent the state is going to truly protect and develop the interest of academic estate. The answer to this question relies a great deal on whether the state chooses to lean more towards the academic estate or the market. Arguably a strong state is less likely to be compromised by market forces, and more capable of advancing its own vigorous higher education agenda.

Clark's development of the triangle was a reflection of his dissatisfaction with existing means of understanding how authority contributes to order in higher education systems. His triangle, however, does not allow for multiple forces to act in unison, such as the academic estate with the market, which is often the case nowadays. The model also assumes each of these modes of coordination to be at least partially mutually exclusive from one another, which some argue as the "zero-sum flaw" of the model. In fact, rather than being mutually exclusive, the state, the market, and academic estate increasingly operate as interdependent instruments and actors of governance. The state could certainly choose to join with the market and drive higher education further towards market priorities—as it is argued that the market often works through the government to make changes to the university. Or, the state could become an enabling agent to propel the university to make a fuller contribution to society. To sum up, a strong state may arguably be the key agent to coordinate, reconcile and ensure the four basic (and often competing) values in higher education, that is, social justice, competence, liberty, and loyalty, which are also claimed by Clark (2008). In this sense, Fukuyama's formulation could serve as a supplementary model to Clark's original triangle. Nevertheless, the complexity must be cautioned when drawing conclusions about the application of Fukuyama's model to comparative higher education, because of the difficulty of measuring "democratization" and "the capacity to rule effectively" as well as the efficiency of higher education reforms.

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Clark's Triangle, Fiscal Incentives, and a new Relationship between the State and Universities

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Introduction

Shortly after Clark introduced his "triangle of coordination" model of higher education in 1983, two practices in the financing of public universities that are based on incentives—performance funding and incentive-based budgeting—began to evolve. Both are known by other names, for example, "incentive funding," "set aside" funding, "matching" funding and "value centered management," and "responsibility center budgeting," and even "every tub on its own bottom." Despite contemporary timing and similar nomenclature the two practices are not usually associated with one another. Performance funding is an instrument of public policy that is exercised "top down" by government, and corresponds to the "state authority" leg of Clark's triangle. Incentive-based budgeting is a matter of institutional choice and strategy and corresponds, at least approximately, to the leg variously described as "academic oligarchy," "academe" (Jongbloed 2003), "managers" (Salazar and Leihy 2013), and "steering core" (Clark 2004). The "steering core" second leg, which is Clark's most recent terminology, intends to promote market behavior, specifically entrepreneurial behavior in the "market" or third leg.

On closer examination, however, we see underlying organizational principles that are shared by both performance funding and incentive-based budgeting. Both address principal-agent relationships. Both assume that resource dependence determines much institutional behavior. The problem is that governments and universities rarely share the same assumptions. This leads to an as yet unexamined question. Are they on a course to collision or a course to mutual benefit? Does Clark's triangle still apply or will they force a re-assessment of the "triangle"?

Performance Funding

It is not possible to discuss performance funding as if it were a single-cell public policy organism. There are several subsets, the most common of which are *performance set-asides* or earmarks that reserve small proportions of public subsidies for higher education to be paid out on the basis of pre-determined metric targets, hence *performance indicators*. Funding thus reserved is potentially open-ended. The public policy objective is to influence institutional behavior by means of financial incentives. The incentives are exactly that: they are fiscal inducements that only coincidentally correspond to institutional costs. In certain cases, primarily in Europe, this form of performance funding is called *payment for results*. The World Bank promotes a *competitive version of performance funding* in which funding is not open-ended for countries with limited discretionary resources to direct to the development of universities (Salmi and Hauptman 2006). As expressions of fiscal policy these two versions of performance funding serve different purposes. The first offers benefit advantages. The state promotes and, hopefully, secures institutional performances that are desirable as public policy. The second, because the funding is a fixed sum, offers cost advantages. As performances improve in response to the incentive within the fixed sum unit costs are either contained or reduced.

The second factor that affects the effectiveness of performance funding in modifying institutional behavior is the match between the amount of funding that us set aside and the "performance" that any given incen-

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tive is put in place to engender. If the match is imperfect performance funding will fail. For example, to improve rates of graduation a university might take several steps that involve additional expense: more academic counseling, writing labs, math labs, teaching assistants, and financial aid. The list could be longer, but the length of the list is not the point. The point is the cost of the list. If the amount of funding set aside does not reflect, at least approximately, the marginal cost of the institutional performance being sought, the incentive will be ignored, as it often is (Chan 2014; El-Khawas and Massy 1996; McColm 2002; Miao 2012; Rau 1999; Schmidt 2002; Schmidtlein 2002).

Matching performance funding is an arrangement similar to performance funding in which the funding is not all public. Governments in order to leverage private funding offer to match charitable gifts that as *de facto* endowments are restricted to purposes designated by the state instead of donors. The consequent performance funding is thus a mixture of public and private funding. Matching funding fits the basic incentive definition because the public portion is never enough to meet total cost (Brooks 2000). In Canada, the federal government through the Canada Foundation for Innovation used matching funding as a device financing research infrastructure (Canada Foundation for Innovation 2013).

None of these versions of performance funding presupposes the market leg of Clark's triangle. Government acts as a market surrogate. In the case of matching funding that is intended to leverage private subsidies, the government uses its authority to determine what initiatives will be matched, not the other way around.

The track record of performance funding is checkered. There have been two iterations. The first began in the early 1980s and extended to a peak around 2006, and then began to decline. There are, however, signs of a "second iteration" increase of interest in performance funding (Dougherty and Reddy 2013; McKeown-Moak 2013; Ziskin 2014).

The Rockefeller Institute, in speculating about ebbs and flows the use of performance funding in the United States, said that the volatility of performance funding confirms the previous conclusion that its desirability in theory is matched by its difficulty in practice. It is easier to adopt than implement and easier to start than to sustain (Burke and Modarresi 2000). What makes performance funding volatile? One explanation has already been mentioned: the amounts of funding associated with specific performance indicators usually do not correspond with the cost structures of the performances that are being measured and putatively rewarded. For instance, given the efforts that a university would have to exert in order to raise rates of graduation—smaller classes, enhanced academic services, supplementary financial aid—the net costs that the university would have to incur might be greater than the additional income that those efforts would generate. In this case, taking Clark's triangle as a point of reference, the center of gravity moves strongly, almost exclusively, to state authority.

Also in terms of cost structures, performance funding often fails to take into account the fact that universities have long production cycles and variable economies of scale. For example, the typical undergraduate program takes four years to complete; many programs take longer. For that reason universities are something like super-tankers: it takes a long time to change their direction, even when they are willing to change in response to financial incentives. Let us again take the rate of graduation as an example. First, the rate of graduation is not a simple sum of annual retention rates. Most graduation rate performance indicators are not calculated until one or two years after the normal program length, for example, after the sixth year for a four-year program (Aud et al. 2013). This allows for the inclusion of students who "stop out" or temporarily switch from full-time to part-time status, but who nevertheless eventually graduate. Thus, even if a university makes every possible effort to increase its rate of graduation, the results of those efforts will not be seen until several years later. But performance funding universally operates annually. This means that a university must incur costs long before it receives supplementary "performance" revenue to cover those costs, and even then usually partially instead of fully. Even the delayed recovery of costs is problematic. One of the reasons most often cited for the disinclination of some universities to take incentive funding seriously is uncertainty about the future. These concerns about stability are not unfounded

(Burke and Modarresi 2000; Callahan 2006; Dougherty and Natow 2010; Hearn et al. 2006; McColm 2002). In Ontario, for instance, the performance funding *cum* performance indicators metric changed four times in eight years. This has a fundamental implication for the use of Clark's triangle as a comparative device: its reliability rises longitudinally. When applied as a single annual event or *tranche de temps*, its use is very limited, perhaps even erroneous.

Performance funding so far has essentially been a system of incentives "bonuses." The public policy "performance" objectives of the incentives have varied over time from jurisdiction to jurisdiction, and from first iteration to second iteration, but the modality of an incentive has not changed. Incentives are not intended or expected to meet all the costs of the "performances" that they promote. In other words, to universities as "academe" or "managers" they are marginal revenue. To government as "state authority" they are the costs of leverage. This exposes a question with regard to Clark's triangle: as percentages are the two—the marginal revenue and the cost—the same? The answer is either no or not necessarily. Unless a university receives all its funding from the state—as Clark in 1998 recognized they do not—the conventional metric will always overstate the arithmetical leverage of performance funding as an instrument of state authority. For public universities that are approaching "public in name only" status, the arithmetic effect could be almost negligible. What is a cost to the state is not necessarily an equivalent incentive to a university president as "manager."

This leads to a second question. Is the median percentage of performance funding revenue across a system the same as the mean? If it is not, as is often the case when funding formulas are based on averages (Lang 2005), what may be an incentive to one institution in the system may be a disincentive to another. This may be why Clark's triangle has been used as a means of comparing systems instead of institutions. But the statistical fact remains: a system compared on the basis of averages may not look the same as when compared on the basis of medians. For some institutions in a system the center of triangular gravity may be "state authority" while for others it may be nearer to a "market" as other sources of revenue are sought by "managers" trying to balance budgets.

What lessons can we learn from trial and error? Efficiency, which underpins much of the "state authority" leg of the triangle, is problematic in terms of the measurement of institutional cost as seen by "academe" and "managers." Performance funding in the public sector is a monopsony. There is only one "buyer"—the state. When "state authorities" set aside public funds to finance performance funding the amounts are either added to the funds already available to institutions or supplant them by redirection or reduction. In the latter case the result for the institutions is a zero-sum game. Zero-sums in public finance are often assumed to be beneficial because they stimulate competition, which normally would be associated with the "market" leg of Clark's triangle. But monopsonies are inherently inefficient (Cooke and Lang 2009). When under-funding is cited as a cause of incentive failure the discussion does not go far enough to uncover a more basic problem. An inference is still possible that a zero-sum approach might be made to work if more funding was allocated on the basis of performance. That is not so. Monopsonies are always inefficient. Consider, too, that virtually all the metrics of performance funding apply to government as a single financer or nominal buyer. No performance funding program has yet to differentiate incentives or invite competitive bidding for them (Lundsgaard 2002). That is monopsony behavior. It leaves out the competitive "market" leg of Clark's multi-dimensional model.

There is a political as well as economic version of the triangular connection between "state authority" and the "market." In some jurisdictions performance funding is becoming less attractive to government as they are beginning to realize that incentive funding can work in two directions. If a specific performance target is set, benchmarked, made visibly measurable by a metric, and financed by earmarked funding, the effects of inadequate funding on the part of "state authority" can be measured as well the performance of "academe" and its "managers." In other words, the performance of government as a funding agent becomes visibly measurable too, and may just as easily become a political liability as an asset.

Incentive-Based Budgeting

By the end of the 1980s, coincidentally at the same time that performance funding was being introduced and only shortly after Clark's "triangle of coordination" first appeared, a number of large, research intensive universities in North America began experimenting with an organizational and budgetary concept the principal objectives of which were to enhance responsibility for planning and budgeting, usually by decentralization, and in turn improve institutional performance in the allocation and generation of resources, and the delivery of services. Three decades later between 50 and 60 universities in the United States and Canada, and a few in Europe, follow the practice, albeit using several different but similar names, but most commonly called Responsibility Center Budgeting/Responsibility Center Management.

Whatever nomenclature is used it involves the total cost and total income attributable to a university academic division. It gives a campus, faculty, or department control over the income that it generates and the expenses that it incurs, including indirect and overhead costs. Control over income may include the determination as well as the receipt of fees. Control over expense includes local options for securing goods and services that otherwise would be available only through central university service units. This has a highly decentralizing effect by locating many decisions involving the generation and management of resources at different locations in the university, locations at which, in theory, there is greater familiarity and knowledge about the connections between budgets and programs. This implicitly redefines the conventional understanding of "academic oligarchy," "academe," and "manager," depending on which view of Clark's triangle is taken. What it suggests is that an institution and, in turn, a system that comprises a series of sub-triangles in which the center of gravity among the three legs can vary (Maggio 2012; Musselin 2004; Salazar and Leihy 2013).

A major difference between the nomenclature of performance funding and that of incentive-based budgeting is the meaning of "cost." Cost in terms of incentive funding means the cost to government, and means only the cost of inducing a particular performance on the part of institutions as a "market" otherwise would. Cost in terms of incentive budgeting means all costs—direct, indirect, and overhead or infrastructure—and because of the inclusion of revenue, also means *net* revenue or cost.

Incentive-based budgeting emphasizes and exposes costs that are often known but not recognized, or are deliberately not known because of their strategic implications (Gillen, Denhart, and Robe 2011). While this demands a sound methodology for attributing costs, its ultimate purpose is not to account for costs. There are other reasons for an institution to want to know about its cost and income structures. The most obvious of these reasons are to account fully for the costs of research and to ensure that ancillary services that are supposed to be self-funding really are. Less obvious but perhaps ultimately more important is to understand better the dynamics of marginal costs and marginal revenues. This is exactly the type of decision that universities have to make about responding to performance funding incentives. It is also the type of decision that governments, as designers and proponents of performance funding, often do not, in Scott's (1998) terms, "see." Said another way, the fact that Clark saw a triangle of coordination does not mean necessarily that each leg saw the other legs as being part of the triangle, or even that in terms of cost what each leg saw was the same, as Spence (2001) has said is typical of imperfect markets in higher education.

In terms of budget planning, incentive-based budgeting has a salutary but often upsetting "nowhere to hide" effect. When we consider that the basic political economy of any university is to optimize the intersection of quality and cost for every program we see a necessary and almost automatic connection to performance funding. The costs thus identified are the costs that the university "managers" can connect to the marginal income generated from "state authority" performance funding. Having made that connection the university can make an informed decision whether or not to respond to the performance funding incentive. In other words, the university at the "academe" leg has information that enables it to change the vectors of the

triangle by either complying with or abstaining from the incentive.

This in turn motivates entrepreneurial behavior and the generation of revenue, much along the lines of Clark's later discussions of entrepreneurial universities in 1998 and 2004. In most other institutional planning and budget regimes, the generation of revenue is regarded mainly as the responsibility of the university's administration. That, as well, is how governments envision incentive funding working. To "academic oligarchies" most services, for example, libraries are free goods. Because income as well as cost is attributed to campuses, faculties, or departments under incentive-based budgeting, the effect on principals, deans, or chairs as "oligarchs" or "managers" is virtually immediate: the generation of revenue (and the reduction of cost) counts. This is the level at which performance funding enters the equation. Mistaken decisions or even wishful thinking about costs *versus* benefits under incentive funding makes real differences close to home.

Challenges at the Interface

What happens when the two forms of incentive bump into one another, as they are already beginning to do in some jurisdictions? Some challenging behavior is endemic at the interface.

Finding the right level of aggregation is as essential as it is difficult. Michael E. Porter said that diversified companies do not compete; only their business units do (Porter 1996). This applies to universities and university systems. They are much diversified. Porter's proposition is fundamental to most forms of incentive-based budgeting, which in effect push planning and budgeting down to the level of faculties as "business units." If we examine individual performance indicators carefully, we see that most of the "performances" that the indicators measure do not really operate at the institutional level. Here we learn an important lesson: although the momentum of incentive-based budgeting is in direction of decentralization, the effect of incentive funding is in the direction of centralization.

Is this a problem to be solved or a lesson to be learned? As a problem it is unsolvable, at least by any currently known form of performance funding. Programs are diversified for good reasons. That is one of the reasons, when speaking about entrepreneurial universities that Clark offers for a tri-lateral paradigm.

Let's say that the absence of institutional differentiation is an institutional behavioral problem that a system using its "state authority" could solve by offering incentives. Here we enter a problematic middle ground between system performance and institutional performance. Performance funding can have externalities that are a consequence of an activity between two parties—for example, a government and a university or system of universities—that has an unintended effect on other parties or "performances" (Lahr et al. 2014). In this case, using rate of graduation as an example, if program diversification were reversed by the incentive of performance funding students might end-up with less curricular and program delivery choice, and employers might end-up with graduates whom they regard as less prepared. This explains the need to insert "markets" and "users." Are they the same? In the case of professional programs, third-party regulators (of which government often is one) have powerful influences on the structure and content of programs. There is plenty of evidence that program structure and anticipated employment have strong effects on retention and graduation (Adams and Becker 1990; Angrist, Lang, and Oreopoulos 2006; Lang 2009). Professions in this context as users could be just as reasonably described as curbs to market behavior as promoting market demand. In other words, they could belong to the "market" leg or to the "state authority" leg.

Performance funding as an incentive to change institutional behavior works when performance funding matches, at least approximately, the cost of performing. That sounds like common sense, but it is the shoal on which performance funding most often founders. It founders for three reasons.

The first is that governments confuse the outputs and outcomes that they hope performance funding will achieve. Let's take the graduation rate again as an example. There are three reasons for the state to desire higher rates of graduation. The economic objective is to expand the supply of human capital. The social objec-

tive is equity through access to higher wages and, in some countries, higher social standing. The budgetary or cost objective is to realize a cost advantage by producing graduates at a lower unit cost. Each of these objectives requires a different metric. More significantly, each requires a different amount of funding. "Mix and match" will not work. In some jurisdictions in which this problem is recognized governments rationalize the mix and match practice by assuming that institutional autonomy—the "academe" leg—will enable individual institutions to offset negative mismatches between performance and the cost of performing according to one performance indicator with a positive mismatch according to another indicator. This is a rationalization. It becomes even more so in undifferentiated systems. This is another example of Scott's description of "seeing like a state" (1998). In terms of Clark's triangle, the state knows that there is an "academe" leg, the behavior of which it wishes to change, but does not see the mismatches that the "steering groups of academe" see. As for the "market" or "user" leg, the state acting as a surrogate does not see what the users see either because it does not believe it needs to or because it believes that in an imperfect market, users would make bad choices. This is a position taken by the province of Ontario in the 1990s (Lang 2005).

Until relatively recently universities did not understand their costs fully. "State authority" was the trump card in the triangle. Incentive-based budgeting, which analyzes costs more systematically than previous practices was in wide practice in public universities by the latter half of the 1990s (Dougherty and Reddy 2013; Gillen, Denhart, and Robe 2011; Lang 2002). Thus when we now talk about the match between performance funding and the costs of performing, universities know a lot more than they previously did about the costs of the various performances for which performance funding indicators call. In other words, they now can "do the math," which in many if not most cases means a realization that marginal performance funding is less than the marginal cost of performing. When universities "do the math" and, in turn, either one responds or not to funding incentives, they send a clear signal to the government leg of the triangle about the adequacy of the funding.

A reasonable case can be made that two legs of Clark's triangle exemplify a principal-agent problem between states as principals and universities as agents. Principal-agent relationships become problematic when the following conditions are present. Agent and principal have different objectives, or at least construe the same objectives in different ways. Principals have conflicting or incompatible objectives, as might occur when outcomes are confused with outputs Information is asymmetrical in which case the principal lacks information about the agent's behavior or outcomes of that behavior or the agent lacks information about the principal's objective.

When performance funding was introduced much of the theory behind the principal-agent problem was theoretical insofar as higher education was concerned. Government, as a principal, provided or otherwise controlled nearly all funding received by public colleges and universities. Universities, as agents, were managed centrally or "top down." There was one principal and one agent (Van Vught 1993). This explains well two of Clark's triangles three legs.

Today many public universities are "public" only in the sense that they are eligible for state funding. As governments cutback funding for higher education they become minor shareholders and create a financial vacuum into which other principals or "users" are drawn, sometimes as a matter of public policy that encourages universities to seek alternative sources of income. Different principals have different objectives. If they have different objectives they will, for good reason, expect different "performances" from universities, and devise different performance funding incentives and indicators. Universities as agents either with "academic oligarchies" or with "managers" are forced to trade-off among principals or, more problematically, among their principals' performance indicators. This of course blunts the effect of performance funding. As performance funding become less powerful for these reasons, incentive-based budgeting becomes more powerful because it encourages and rewards efforts to diversify

and expand revenue to replace reductions in public subsidies.

Universities have also changed in ways they perform as agents. They have become de-centralized in budgeting and planning, and have brought more stakeholders into governance. Some stakeholders, for example fee-paying students, are in practical effect principals. As users, however, they belong to the "market" leg of the triangle. Agency as measured by several commonly used performance indicators has moved from the institutional level to the faculty level. Deans instead of presidents and provosts become the "academic oligarchs," and thus the real respondents to performance funding incentives.

Donors are becoming more frequent principals, often with the encouragement of government. This in turn engenders further confusion. While institutions see donors as principals governments may see them as agents whose private wealth may be leveraged to replace public subsidies as incentives. This is the public policy concept that underpins government "matching" programs that function as *de facto* performance funding.

Collision or Symbiosis: the Future of the Triangle

There are several possible scenarios of the relationships among the three legs of Clark's triangle. In the first "state authority" will not be able through performance funding to communicate sufficiently to influence the behavior of "academe." "Managers" empowered by incentive-based budgeting, may respond more to "users" that to the state. In others, Van Vught's (1993) two dimensional paradigm moves symbiotically in the direction of Clark's multi-dimensional "triangle" as an entrepreneurial third leg develops. This is an evolution that Clark himself anticipated in his 1998 and 2004 discussions of entrepreneurial universities.

In another we can draw some generalizations from the experience in Canada. In some respects this has already happened in two provinces. Performance funding in Alberta and Ontario is still in place, but both of those provinces in different ways have moved on to prescriptive measures that are more compliance sticks than incentive carrots. Additionally, in Alberta, as in Switzerland, the view seems to be that the most effective way to force universities to operate more efficiently is to reduce their funding. This coincides with Martin's (2012) view that as long as additive revenue is not available universities they will not reallocate existing resources in response to public policy preferences. In this—a collision scenario—Clark's triangle will "churn" as envisioned by Jongbloed (2003) as government, acting on behalf of or in nominal response to "users," will in turn compel "academe" to modify its behavior in conformity with government policy, which in Burke and Modarresi's (2000) may become more "political." This view coincides with Van Vught's (1993) schematic observation that strong state bureaucratic intervention renders Clark's (1983) three dimensional "triangle" model two dimensional by eliminating the entrepreneurial or "market" leg, and thus reinforcing monopsonistic behavior.

If declines in public funding for higher education further weaken the impact of public performance funding on university behavior resource dependence will shift to other sectors: corporate and private philanthropy, students and parents, foundations, and "private partners"—all of whom will seek "performances" that advance their interests. Performance funding will cease to be a monopsony as there will be multiple "buyers" of performance. Some American states are beginning to include private philanthropy as a metric for performance funding (Jones 2013). This fits Clark's "triangle of coordination" in the sense that philanthropy and other sources of private funding strengthen the third entrepreneurial leg and weaken the state and academic oligarchy legs. This is a transition that universities can better manage by incentive-based budgeting. In that case, the outcome will be symbiotic.

In the final scenario, as some voices are already starting to argue, that public systems of higher education will become too big, too centralized, and too complex to be managed "top-down" successfully (Berdahl 2000; Callan 1994; Gaither 1999; MacTaggart 1998). Clark himself points to this possibility in his analysis of entrepreneurial universities (Clark 2004). There is considerable evidence that allowing greater autonomy may be a more powerful incentive than performance funding

(Altbach 2004; Clark 1998; MacTaggart 1998; Maxwell, Proven, and Fielden 2000). Governments may continue to use incentive funding, but will allow more permutations and combinations among performance indicators in order to promote diversity over isomorphism (Jones 2013). This scenario will encourage incentive-based budgeting as "managers" and "steering groups" seek to optimize revenue among more numerous possibilities, such as those that Clark cited in his 1998 and 2004 studies of entrepreneurial universities.

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A Counter-hegemonic State to Neoliberalism: the Case of Recent Korean Higher Education Reforms

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Introduction

In the wave of globalization, the world has become significantly interwoven politically, economically, and culturally. This interdependent global environment has become the most considerable issue in education. One favored way of policy change to this new environment has been prevalent in higher education since the late twentieth century. It is a neoliberal reform that facilitates marketization and decentralization with the policy options of deregulation, privatization, liberalization, and cost-effectiveness. The global discourse of neoliberal reform has inflicted a big pressure to local policy makers to transform their higher education. In this article, I examined the role of the state with regard to internalizing a global dominant discourse—neoliberal reform—in higher education. By introducing the case of recent Korean higher education reforms, I explored the local politics of neoliberal higher education reform and uncovered the counter-hegemonic response of Korean state to the ideological consensus of macro-politics on higher education reform.

Global Trend of Higher Education Reform

Neoliberalism in education can be understood as a dominant ideology as well as a regulating policy framework. As a political-economy ideology, neoliberalism justifies individual countries' economic and social policies. Harvey (2005) defines neoliberalism as, "a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade" (p. 2). The neoliberal state seeks "to create and preserve an institutional framework appropriate to such practices" (Harvey 2005, p. 2). Neoliberal education reform, thus, implies that policy makers prioritize the economic rationality, which is supported by particular political interests (Apple 2000).

Indeed, neoliberalism is now the global trend of higher education reform. This global expansion is owing to a transnational political power driven by the Anglo-American macroeconomics (liberal economy + post-Keynesianism). Substantively, Bretton Woods institutions such as the World Bank, the International Monetary Funds, and the World Trade Organization and other international organizations (IOs: like the Organisation for Economic Co-operation and Development and the United Nations Educational, Scientific and Cultural Organization) created this common trends in educational policies. As these global agencies are established and dominated by the interest of world political regime, they prioritize a particular political ideology and a discourse (Dale and Robertson 2002; Mundy 2007). It is notable that this macro political power of neoliberal reform has been shaped through an ideological consensus, what Gramsci sees as the form of *hegemony*, accompanied by material force in some cases. Therefore, neoliberal higher education reform is a hegemonic project created and managed by a transnational political power.

Localization of Global Discourse

For the case study of global expansion of neoliberal mechanism, I examined policy discourse on recent Korean higher education reforms (1993-2012). Like other Asian

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countries, Korea carried out higher education reform and its feature is *neoliberal* led by market principles (e.g., competition-based, marketization, autonomy and accountability) (Jeong 2012; Kim 2010; Shin 2007; Yim 2012). I collected linguistic data from the documents produced by IOs (World Bank, OECD, UNESCO, and WTO) and the Korean government. Content analysis and critical discourse analysis allowed me to analyze the rich source of reform policy discourses on higher education reform. Raising questions about political dynamics in policy discourse, I paid attention to state's political space in resisting against a global hegemonic ideology—neoliberalism. Political sociology of education and state theories helped me scrutinize state's response to the global discourse on neoliberal reform.

Did Korea adopt all reform policy agendas from global hegemonic discourse as they stood, and were all reform policy discourses identical with global discourse? I found that the ideological consensus between IOs and Korea was created through the political dynamics of their transnational social relations and a neoliberal discourse on higher education reform had been legitimized and reproduced at the local-level of policy making. Agreed themes on neoliberal higher education between two parties (global and local) are: 1) a new policy environment—higher education *in* and *for* the new time, knowledge economy and globalization; 2) the rationale of reform: To foster human capital (HC) or human resources (HR) for global competitiveness (of individuals and a country) in a knowledge economy; 3) government role: supervisory role, to provide a legislative, political, financial framework and a regulatory environment; 4) reform direction: new vision, consensus-based, comprehensive, long-term, coherent, science technology-concerning, market-oriented (incentive-driven, competition-based, best-practice encouraged) and with social and economic objectives of country; and 5) policy advice and core task: autonomy and accountability (deregulation, regulatory framework, and transparency), research development, internationalization, employability in a new labor/job market (manpower, human talent/capital/resources)

However, Korea had a unique development of supranational consensus at a certain level. In spite of above agreed-upon themes on macro-perspective reform schemes, the Korean government adapted different ideas from IOs' suggestions for some parts of higher education reform. This localization was shown in two ways: 1) different meanings in same word (reconceptualization and recontextualization) regarding to *a quality improvement, job market-concerning education, diversification, academic-industry link, internationalization,* and *social issue concerns*; and 2) different ideas due to differing primary political interests such as reform directions *upon local needs and national development* (IOs) versus *national competitiveness* (Korea). For example, both IOs and the Korean government considered *quality improvement* in higher education reform, but their focal points were different: IOs dealt with the phrase, *quality improvement* specifically for the improvement of educational contents, emphasizing systematic support such as assurance and accreditation system while Korea approaches the same word for institutional competitiveness through research and teaching excellence. Upon local needs, the themes for reform direction such as *national economic crisis, regional development, transparency, participation,* and *world-leading* were prioritized in Korean policy document. In short, although substantial parts of the reform ideas were shared between IOs and Korea within a macro-level political relationship, IOs and Korea have some different ideas about higher education reform. (*Transparency* is understood as one way to consolidate autonomy for institutional management in IOs documents. But transparency in Korean reform policies specifically refers to the exposing corruption of Korean higher education institutions.) I identify this linguistic divergence as the *localization* of global discourse.

Why did this localization—semantic divergence and new ideas—occur in local policy discourse? In a practical sense, it is because that the global discourse formulated through macro-political dynamics does not fully satisfy the local needs. Accordingly, macro-level agendas will necessarily go through a localization process, as there are always unique and critical concerns arising from local context. This practical gap allows *political space* for local governments (equivalently understood

as state here) to localize a global discourse that contains a particular political hegemonic ideology.

Through the comparative observation of four Korean regimes, I found out that the political orientation of each regime is decisive for the policy outcomes. Conservative politics (The administrations led by the first civilian president, Kim Young-sam [1993-1998] and the previous president, Lee Myung-bak [2008-2013]) in Korea produced neoliberal-friendly reform policies while consolidating their political ideology (which centered on economic achievement) through global (neoliberal) discourse. Yet, the conservative-oriented regimes did not deal with social concerns as distinctively as the other. On the contrary, the liberal regimes (The two political regimes administered by the president, Kim Dae-jung [1998-2003] and Roh Moo-hyun [2003-2008]) were more apt than the conservative regimes to view social concerns as significant. The DJ administration introduced equality concerns and the Roh administration placed these concerns ahead of economic perspective with regard to higher education reform. Consequently, the duality of local politics in the liberal regimes allowed the DJ and Roh administrations to meet the demands of local politics while offering compromise with the external pressure of world politics (e.g., a positive response to educational liberalization and the accommodation of neoliberal principles for higher education reform). This finding indicates that the neoliberal ideology was definitely rooted in recent Korean higher education reform policy discourses, but an ideological confrontation between neoliberalism and Korean local politics was importantly present. In other words, local politics (political situations and the political orientations/ideologies of policy makers) determined the directions of reform policy and decisively controlled the level of neoliberal reform in Korean higher education.

State in Capitalist Society

In discussing about the duality of politics, it is important to clarify the actor—the state—in this political interplay. In general sense, *State* is a bureaucratic administrative authority as a political entity in a given geographical territory (Rizvi and Lingard 2010). When it recognizes the demands of policy change, the state decides a policy priority among various imperatives (whether external or internal) as a supreme political authority. The role of state remains vital in local policy making because global capitalism, IOs, and multinational companies never subordinate to the state's regulatory controls (Carnoy 2001; Holton 2011).

The action of the state represents the abstract of the dominant ideology, which is obtained from a class struggle in civil society. In this sense, state's policy choices are what a dominant social group wishes to dominate over others. Thus, it is always important to consider "what type of state and political regime supports what kind of education for whom and for what purposes" (La Belle 1986, cited by Arnove et al. 1996, p. 140). This state action is not static as it changes depending on the organizational features of the state politics, such as the political regime and bureaucracy. As the state is "a strategically selective terrain which can never be neutral among all social forces and political projects" in an accepted territory, "the outcome of state power also depends on the changing balance of forces engaged in political action both within and beyond the state" (Jessop 1990, p. 353). The understanding of historical dynamics/contextualization is essential, too, for unfolding the privileged strategies of the particular capitalist state's decision (Hay 2006; Jessop 2002). Consequently, a comparison of four recent Korean regimes proposes to show the historically changing strategies of local politics that takes different goals towards each regime's own political needs.

What is the feature of Korean state? With the characteristic of a developmental state (i.e., a "dirigist" state character in a proceeding country's macro-economic plan), Korea has pursued economic development for an important national goal. After a substantive political democratization in 1992, Korea has given a top priority to economy for political discourse and national policies. In this perspective, Korea is a post-authoritarian democratic state, and one capitalist state that highly values capital accumulation while maintaining a Confucian value over the society. In a post-authoritarian stage, Korean politics is still composed of a weak civil society and strong state elite in policy making process (Chung 2001). An educational policymaking process has largely

depended on a top-down way based on government's national strategy rather than a direct negotiation between policy makers and educational stakeholders (Shin 2005; Shin 2007; Yang 2012; Yoo 2006). In establishing and implementing neoliberal higher education reform, so, I argue that the Korean state acted as a *strict regulator* and a *capitalist class mediator* (Jeong 2014).

Concluding Remarks: Counter-hegemonic State

To sum up, I argue that the basic framework for neoliberal reform was ideologically shared between IOs and Korea, but local reform policies were uniquely developed upon local political needs. By inspecting the dual facets of local politics, I revealed the critical role of state: *Local politics is an important variable as a counter-hegemonic venue to resist against a transnational capitalist hegemony*. The state, as a political entity of competing social force, determines the level of neoliberal ideology permeation in reform policies—whether to benefit a global hegemonic ideology or to attenuate it. Consequently, the Korean government performed neoliberal higher education reforms over the years as a result of the political dynamics of transnational capitalist social relations, but local politics significantly shaped the features of local higher education reform as a counter-hegemonic value. That is, the particular circumstances of Korean politics provided room to balance the macro-economic market ideology and local political needs.

Comprehending the role of the state in neoliberal policy reform, I grasped a political disturbance in transnational hegemonic power. This finding is important because the state's interplay with both external and internal political pushes enables the diverse features of policy outcomes. The core of this state interplay relies upon the characteristics of the political regime selected by local society—that is, their political orientation. From the case study of Korean higher education reform, I discovered that the political orientation of the state directs the genuine direction of reform policies over the last twenty years. Therefore, my study highlights the significance of local state's political orientation.

Even though a global discourse has a transnational political power, local policy makers should necessarily compromise with this power when they establish reform policies because global discourse becomes useless without a local consensus. In this sense, the maximization of local state's autonomy is necessary. To achieve this, *local policy makers and their political supporters* should aware that they have a power to create a political project not for benefiting transnational hegemonic class, but for empowering a local political voice. This political voice must consider educational issues. Yet, a desirable solution is to separate the economic perspective from educational policy making. If it is unavoidable to prioritize an economic perspective as a capitalist developmental state, local state has to balance both education and the national economy in educational policy making. Therefore, the conservative politics in Korea has to consider an educational perspective rather than highlight economic productivity exclusively, by democratizing (i.e. including educational stakeholders in) a decision making process. The liberal politics in Korea should grow a political voice for educational welfare regardless of their political power (whether they hold a reign of government or not) while concerning the local subordinate class.

Neoliberal higher education reform is needless to say a hegemony project. Simultaneously, education reserves a space for counter-hegemonic action. As Gramsci noted, teaching and learning are central to both hegemony and counter-hegemony. Thus, education is not only an efficient venue for the transnational dominant class to transmit their hegemonic ideology, but also a powerful place for subaltern groups to create counter-hegemonic values and actions. For the latter, the Gramscian perspective highlights education for class consciousness and social awareness, so a subaltern class "must understand the contextual political nature of their labor situations and be able to critically analyze them from a more distanced perspective" (Mayo 2010, p. 26).

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Who is the Gatekeeper of Academic Power for Chinese Universities?

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Introduction

Announced in early January and introduced by the Ministry of Education (MOE), the *Regulation on Academic Committees of Higher Educational Institutions* (hereinafter referred to as "the Regulation") has become effective since 1 March 2014. Upon its announcement, the head of the MOE Department of Regulations and Policies specially wrote an article indicating that the Regulation is another major measure towards molding modern universities and institutionalizing university academic committees, so it would be of great significance in propelling professorial governance and in improving university governance structures (Sun 2014). The same article also identified the background to introduce the Regulation, which is the lack of norms on academic committee positioning and specific duties, the vague boundary between academic and administrative affairs, and the ambiguous relations between academic committees and other internal academic organizations. The Regulation is thus released with specific provisions concerning the committee's significance, organizing rule and even its size, duty and responsibility, as well as the operational procedure. Therefore, in view of issuing the Regulation, the government appears to be the gatekeeper for scholars to execute academic power in China.

Discussions on Academic Power and Administrative Power within Chinese Universities

The relations between academic and administrative power within universities have been a hot issue in recent years, which can be manifested by the mass publications of over 5,000 relevant articles in Chinese Journal Full-text Database (CJFD). Most of those articles were published in the last 10 years since 2006 (Data from Chinese Journal Full-text Database, by 25 November 2014). Academic power is defined as one kind of authority assumed by scholars, while administrative power is assumed by university administrators (Zhang 2002). The main concern is that a growing swell of administrative forces may squeeze academic power and various cases are observed. For instance, university presidents are ranked with bureaucrat status, and all university administrators are titled like government officials though Chinese universities are entitled legal status of independent corporate; meanwhile, the academic committee is regarded as an empty shell, let alone being the policy-maker, and professors have full enthusiasm to become head of university administrative offices. Such criticisms in the academia are quickly captured by the public, causing "de-bureaucratization" one of the most popular topics among the representatives and with the media during the annual conference of China's national legislatures – NPC (National People's Congress) and CPPCC (Chinese People's Political Consultative Conference) in the past couple of years. The Regulation is obviously outcome of the discussions arising in the university and the society. It seems that the MOE is trying to control the ever expanding administrative power in higher education institutions so as to safeguard the interests of scholars. In light of the Regulation, to what extent and how university academic committees exercise their power is generally the business of universities themselves. This scene that the government becomes the wheels of initiating concrete regulations with respect to academic authority is rarely seen in world higher education history.

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The Global Context of Reinforcing University Administration

To streamline university administration is not unique for Chinese universities, and evidences of this tendency may also been observed in many other countries. Massification of higher education and enhancement of social accountability of universities are the two main reasons behind this tendency. The massification and popularization of higher education profoundly changes the scale, structure and functions of modern universities. Universities are no longer ivory towers, but large-scale pluralistic organizations, namely Multiversity (Kerr 1994). Administrative work calls for the participation of more administrative professionals and other supportive personnel rather than being fully undertaken by academics as before. Therefore, two groups (faculty and administrative workers) and two kinds of ideas (the priority of academic power and the emphasis of administrative power) take shape in universities (Clark 1983; Wang 2007). The rising budget attributed to popularization of higher education and the fierce competition in a globalized world set universities face against the direct pressure and urgent demand of the government and the society with respect to efficiency and output. Only by responding to the external demands properly and standing out among a variety of direct or indirect evaluations can universities win better circumstances for themselves. This trend requires reinforcing university administration in order to stimulate the full capabilities of inner academic units within the university, but often lands on the pervasion of more administrative power in universities.

The Underlying Reasons for the Reinforcing Administrative Power in China

As part of global higher education community, Chinese universities are faced with common problems as their peers. The fast massification of higher education makes lots of Chinese universities (even the most research-oriented universities) expand multiple-fold in enrolment size, which complicates university governance. Fierce global competition also sends its ripples to the field of higher education as various global rankings keep pricking the public. Higher education in China is constantly questioned as to its mismatch with China's economic power despite its short history of recovery and development, after the devastating Cultural Revolution. Government education officials and Chinese universities are also under great pressures ushered in by social accountabilities. Therefore, massification of higher education, compounded with the rising social accountability, served to reinforce administrative power in Chinese universities.

Apart from external reasons, there are internal reasons as well. The power structure is always dictated by resource allocations. The pattern of resource allocation in Chinese universities is directly responsible for heightening of administrative power. In China, most higher education institutions are public, receiving personnel, financial and material resources from the government. If the allocation of various resources is mandated by laws and regulations, people in charge of allocation are just executors without much power. However, if the allocation is distributed at random, universities will seek maximum interest by currying favor with allocation executors who are thus much empowered.

The current fund allocation for Chinese universities is mostly led by government administrators rather than legislators, which allows for the space of manipulations. For example, there is an amount of competitive appropriations among public allocation in Chinese higher education. To a certain extent, competitive appropriations do enhance the performance of higher education institutions by provoking competitions. However, if the appropriations are sizable and the process is not transparent, unfairness and power rent-seeking will likely result. In the past few years, the competitive appropriations including performance-based funding and program funding account for more than 50% of budgetary allocation for some universities that are directly under jurisdiction of China's central government (Internal Statistics of Chinese Ministry of Education). The competitive appropriations are always controlled by different government bureaus and even different divisions within those government bureaus, so the university has to enhance the inner administrative offices in order to network with bureaucracies for the purpose of getting a

better share. The administrative offices within a Chinese university always correspond to the divisions of government education bureau, and they know how to attract money controlled by the corresponding government divisions. When the competitive appropriation is allocated to a specific university, it is always the relevant university administrative officers who have power to decide how to distribute money among internal academic schools and departments. So it is understandable that the administrative power is so prevalent on campus, and professors want to assume administrative roles.

Is the Regulation the Needed Solution?

It can be concluded from the above analysis that the main reason for the ever growing administrative power in Chinese universities lies not in the dysfunction of academic committee but in the relations between government and universities, and the way of resources allocation. The Regulation cannot solve the problem of administrative power outweighing academic power. From the perspective of legislative entity and process, China's education authorities have crossed the line to formulate detailed rules in favor of public opinion. It disrupts the autonomy of the university again by not only deviating from its original intention but also further blurring the line between government and university discretions.

In China, there are currently 2,788 higher education institutions (Ministry of Education 2013), which are not specially categorized, but in practice cluster into tiers and groups. The Regulation that takes no institutional characteristics into consideration will come across lots of barriers when implemented. The *Higher Education Law* of 1998 prescribes the principles of the setting up of academic committee, which has been incorporated into practice in most higher education institutions, especially research-oriented ones, though sometimes taking various forms. What government should do is to urge higher education institutions to give full play to academic committees in various forms and to provide a supportive environment for their operations. It is hard to imagine that universities without autonomy can rectify the overemphasis on administrative power over academic power as well as other types of imbalances.

Conclusion: Who will keep Vigil of Academic Authority?

The governance of Chinese universities will be a hot topic for a long period in the foreseeable future. In recent years, many scholars propose that Chinese universities borrow the experiences of Western countries in terms of structure of higher education governance, such as the university governing board in North America. It needs to note that the role of these governing boards is not only underpinned by the structure itself but also the principle of rule of law. Chinese Communist Party recently puts forward "governance through rule of law" on the 4th Plenary Session of the 18th CPC Central Committee in response to demand of the public, which will also extend to and affect higher education institutions in China. Only when rule of law rises above specific rules and regulations in the legislative process, the principle of rule of law can truly safeguard the academic power.

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Student Political Activism in a Global Context: An Analytic Imperative for Enhanced Understanding of Higher Education Coordination in Hong Kong

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Introduction

In the face of accumulated contradictions of global capitalism, the current decade sees the international rise of student political activism—among other democratic responses for a similar pursuit of social justice. Against the backdrop of an increasingly interconnected world, global exchanges of rationales, discourses, experiences, and strategies by student activists across various world's locations stimulate and reinforce the spirit of "youth idealism" (Altbach 1989), which in a way challenges state authority and market forces. Students have long played an indispensable role in affecting how academic life of the time is being lived out. Examining student political activism has increasingly become an analytic imperative for understanding better the new university-state-market dynamics. Particularly, it calls for a reconsideration of the political configurations embedded in higher education coordination (Clark 1983).

Burton R. Clark (1983) compares different national higher education systems and conceptualizes their centrality of authority between university-state-market in figurative form as a triangle (known as Clark's triangle). In *Academic Capitalism in the Age of Globalization*, I echoed to the claim by Clark (1983) and examined how academic capitalism manifests itself variedly in Greater China (Tang 2014). My article revealed that mainland China resembles the "ideal type" of state system; Hong Kong resembles a professional system; whereas Macau and Taiwan resemble market systems. The findings are obtained in terms of the centrality of authority located in the respective higher education sectors from a comparative but not normative perspective. During the capitalizing processes of knowledge and educational credentials in the Chinese setting, collaborations and tensions among the state, economy, and academia arise but in various patterns. Moreover, for a relevant and committed application of Clark's conceptualization, the student power factor was not taken into analytical consideration, although the agency of student political activism is very essential to shaping the evolving relationship between higher education and the role of the state. In addition, the internationalization of student political activism, in quest for social justice and democracy, challenges the global trend of capitalism. The static nature of the conceptualization is further problematized by the realities brought through globalization, including the "ideoscape" of youth idealism, which is manifested in student political activism and movements across the world.

This article seeks, therefore, to reexamine the tensions and collaborations among the three forces in this power coordination, namely, state authority, market forces, and academic autonomy, and how the tensions and collaborations are affected by the agency of student political activism. As such, it challenges the predisposition of university-government-market dynamics suggested by Clark (1983) through the lens of student political activism as agent of change. By systematic observations of the current affairs of Hong Kong, it suggests the remarkable role played by students in (1) challenging state authority and (2) demonstrating disrespect of market forces, whereas in the meantime (3) defending the academic autonomy of university communities. Reconsidering the four competing values in higher education (social justice, competence, liberty, and loyalty) as claimed by Clark (2008), this paper also argues that student political activism places a greater concern on social justice, but remains highly criti-

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cal about loyalty to the government. Student political activism acts upon any threats, infringements and attacks against academic freedom, especially when the professional life by academic staff encounters potential intervention and endangerment. This is in particular noteworthy as academics are significantly less outspoken than students in defending academic autonomy, not unconcerned with the prevalence of pro-competition higher education policies in Hong Kong, which in turn increasingly redefine and "economize" academic life (Bok 2009).

Challenging State Authority by Student Political Activism

Throughout national histories in contemporary era, youth idealism has been a significant force in providing the minds for a critical thinking that interrogates the absolute power of state authority. This idealism fuels the engagement and mobilization of student political activism and intermittently challenges the hegemonic power structure. In Hong Kong, a comprehensive survey about the mission statements of the student union of local universities reveals that most of them inherit the legacies of pursuing for social welfare and social justice, which extend beyond the concerns about student affairs on university campus. The Hong Kong Federation of Students (HKFS), a student organization comprising representatives from the eight Hong Kong public tertiary education institutions, aims at promoting student movements and enhancing students' engagement in the society. Their motto states, "We are dedicated to widening one's horizons, caring about the society, building a democratic China, fighting for the interests of students" (Hong Kong Federation of Students 2014). Dating back to July 1984 when the Sino-British Joint Declaration was just signed, the HKFS publicly announced its strong preference for introducing direct elections into the selection process for the 1985 Legislative Council. The HKFS is also one of the core organizers of the 2014 class boycott and the subsequent "Umbrella Movement," which mobilized the historical civil disobedience campaign against the decision of the China's Standing Committee of the National People's Congress on the reform for Hong Kong Chief Executive's electoral system.

The "818 incident" arising in 2011 at the University of Hong Kong (HKU) demonstrated apparently and symbolically the way in which state authority was not respected but challenged. In celebration of the University's centenary, Mr. Li Keqiang, the Vice Premier of People's Republic of China (PRC), was officially welcomed by HKU and invited to a ceremony at Loke Yew Hall on 18 August 2011. As one of the two keynote speakers, Li was arranged to be seated in the Chancellor's chair, a symbol of the highest authority in the University ceremonies. Whereas to the discomfort of many HKU students and alumni, the other keynote speaker, Sir David Wilson, was given a seat in the second row, and was referred to only as an alumnus of HKU in the introduction, deliberately ignoring the fact that he was both an ex-governor of colonial Hong Kong and a former Chancellor of HKU. The official arrangement was widely perceived by some commentaries that it was meant not to downgrade the prestige, or in Chinese term, the "face" of the honorable Chinese guest (Sebag-Montefiore 2011).

In the name of security, Li's visit had led to a complete takeover of the university campus by the Hong Kong Police Force, arriving with more than 1,000 officers. According to Genomeken, "In Hong Kong University's] 100 years of history, it has never exhibited any submissive demeanor towards politicians in power." While the police force was invited to take over the job of university securities, there were no student representatives in this historical ceremony and the students were in a way kept far away during Li's visit. In particular, the police hindered three students who made attempt to approach Li, whereas one of them was pulled down and locked up in a staircase for almost one hour. Irritated by such an official welcome that offended academic autonomy and "academic dignity," the student and alumni communities had heated-up discussions that culminated in a protest of 1,000 students, alumni, ordinary citizens, and journalists, gathered on the campus' Sun Yat Sen Square on the night of August 26. Furthermore, 270 HKU alumni put a full-page newspaper advertisement to condemn the police security arrangements. The incident resulted in the University's formation of a seven-member committee to carry out a four-month review of arrangements for the "818 incident." About two months

after the incident, the HKU President Professor Lap-chee Tsui, a world renowned geneticist, notified the University Council that he would not renew his contract after it expired in August 2012. In response, the HKU Council Chairman Dr. Che-hung Leong insisted he did not force Tsui to leave but also supplemented that the new HKU chief should have "political sense" (Chong, Ng, and Wan 2012). The issue aroused the democrats in the Legislature to call for an independent investigation into Tsui's planned departure.

The Hong Kong students' critical view on the state authority can further be demonstrated through the Anti-Moral and National Education Protest in 2012. Initiated not by professional teachers but students, the protest was targeted against the incorporation of the first-ever patriotic subject "Moral and National Education" into the local high school curriculum. The student activist group "Scholarism" was the first pressure group which mobilized the protest, overt through occupation of the Hong Kong government headquarters on August 30. With demonstration, open concert and hunger strike, the protest purposed to press the government to withdraw the plans of enforcing the patriotic education as a compulsory subject. "Brainwashing" was the dominant attribute which was discoursed in mobilization of Hong Kong students, parents, and other citizens to join the protest. As manifested by the convener of Scholarism Joshua Wong (a 15-aged high school student at that time), "We don't want the next generation of Hong Kong people to be brainwashed" (Lai 2012). With over 90,000 people took their doubts to the protest, the political campaign received an affirmative response as the government announced to postpone the proposal on October 8. The students' political engagement and their idealism, therefore, could be seen as contagious in the awakening of the Hong Kong civil society.

Student Idealism and its Disrespect of the Market Forces

Student idealism contests to an increasingly "economized" academy, especially when academic capitalism is overtly played out by a rising trend of corporate philanthropy (although East Asian universities do not encounter the same extent of shrinking government investment on higher education as their counterparts are facing in the West). In 2005, Mr. Li Ka Shing, a Hong Kong-based billionaire, made a historical donation of US$125 million to the HKU Faculty of Medicine. In reciprocity, the University would rename the Faculty in recognition of Li's philanthropy. The crisis received immediate criticism from students and some prominent medical alumni, condemning the act as a betrayal to academic autonomy. They protested against this "exchange" and criticized the Faculty had fallen into the "temptation" of money. Especially, they advocated that the "exchange" infringed the hundred years' history of the HKU Faculty of Medicine, whose name is without any sponsor's name in the last century. The patron-client relationship justifies the intrusion of the market forces into the academy. Although the protest did not achieve any results and the Faculty was renamed as "Li Ka Shing Faculty of Medicine" starting from 2006, the society has seen the divergence between university administrators and student/alumni groups in understanding university affairs. This knowledge is essential in strengthening university-alumni relationship, including the business of fund raising through alumni.

The dissonant viewpoints between university administrators and student/alumni groups towards capitalism were exposed in the recent "Umbrella Movement." Amidst the social upheaval, an engineering company named Chung Wo Development Holdings Limited decided to cancel its existing funding for all universities, simply due to their unclear position to oppose the Movement. The immediate response was not made by the institutions, which received the donation, but the alumni groups and individual academics at large. Academics at Baptist University self-initiated an annual scholarship in support for the best undergraduate dissertation, which addresses social justice; meanwhile, alumni of Polytechnic University established a scholarship awarded to students who have best performance in practicing human rights and social justice. Another scholarship for HKU and other universities was self-initiated by some artists, cultural practitioners, and common citizens and they raised more than US$20,000 within one week. The civic responses evinced the pos-

sible rise of civic philanthropy in Hong Kong higher education. The rise negotiates upon marketization and social justice, and may exemplify a consonance between autonomy and philanthropy for academia's sake.

Students' Gatekeeping of Academic Autonomy

Students have long played an imperative role in affecting how academic life of the time is being lived out and projected a high moral ground for the academia. Student political activism acts upon any potential intervention and endangerment against academic freedom. Particularly remarkable is that academics are significantly less outspoken than students in defending academic autonomy.

Known as the "Watergate incident" of Hong Kong academia, the case of Robert Chung's affair in 2000 is well illustrative of the above argument. An active public opinion polling researcher, Dr. Chung revealed to the mass media that he was hinted by his former doctoral advisor (who was also the HKU Vice President at that time) to refrain from his polling work, as the public opinions usually reflect critical view about the post-handover Hong Kong government. Anticipated public debates had risen and HKU set up an independent investigation panel. The public hearings resulted in the *Report to the Council of the University of Hong Kong*, concluding that the President had intervened Chung's academic freedom. According to the scholarly book *Academic Freedom in Hong Kong*, the HKU Student Union played an active role in asking the Council to adopt the Panel's Report (Currie, Petersen, and Mok 2006), followed by more than half of HKU academics signing the petition in agreement with the Student Union's request. Consequently, the President was compelled to resign. With the lesson learned, the University accommodates Chung's team which has been updating critical public opinions about the government and PRC in the last fifteen years and beyond.

The Roads Ahead

In the literature of social movement, Leung (1996) argues that the 1980s' Hong Kong student movement had lost its leading role, and much of its "vitality and momentum," in socio-political action (p.158). It was largely due to the extensive and effective mass mobilization tactics of political organizations for fastening the pace of Hong Kong democratization at that time. But the otherwise have appeared in Hong Kong nowadays, epitomized by the leading role of students in the Umbrella Movement. On top of its tremendous mobilization power, Peter Popham (2014) claims the Movement is "the politest demonstration ever." Local and foreign visitors to the protesting sites have possibly witnessed the epitome of an ideal society the Hong Kong students were constructing.

Within a global context, student political activism is an analytic imperative for enhanced understanding of higher education coordination in Hong Kong. In view of the long been neglected role of students in the analysis, further research on the topic should be conducted in making a better sense of the changing reality. According to Philip G. Altbach (1989), there are three main parties that contribute to the formation of student movements: (1) core leadership, (2) active followers, and (3) "a much larger group of students who are sympathetic to the broad goals of the movement but who are rather vague about the specific aspects and who are only sporadically, if at all, directly involved" (p. 102). It is argued that peers (including "peer culture") play an important role in encouraging students' participation in activism, most often due to the "generational revolt." This conceptualization informs the research design for the empirical research, namely to probe the newer generations' experiences, values, perceptions and subjectivities of political engagement. In terms of level of involvement, future research may hypothesize that local students would be more active than Mainland/international students, undergraduates are more active than postgraduates, and disciplinary major can be taken into consideration in the students' understanding about political and social affairs. Meanwhile, the process of how "youth idealism" is formed deserves attention, including the possible effect by liberal studies (due to the global trend of "common core" in first year undergraduate curriculum), and the globalization of popular youth culture.

Hong Kong people, especially its young people, had been perceived as politically apathetic in the colonial era. But the civic awakening due the recent student movements leads us to redefine the meaning of political participation and "political apathy" among younger generations, together with the young women's perception and subjectivities about political participation. In search for social identities and emotional ties with "Hong Kong," the students' passion and fearless pursuits compel the status quo to respond—and researchers to reexamine the predominant university-state-market dynamics in determining the new reality of higher education coordination.

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

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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

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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).

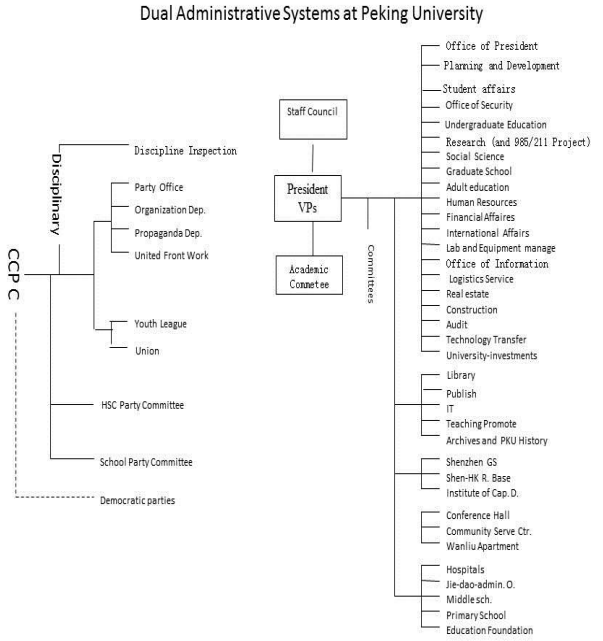
PKU: A Case Study

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 ab 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 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 members 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 phrase 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

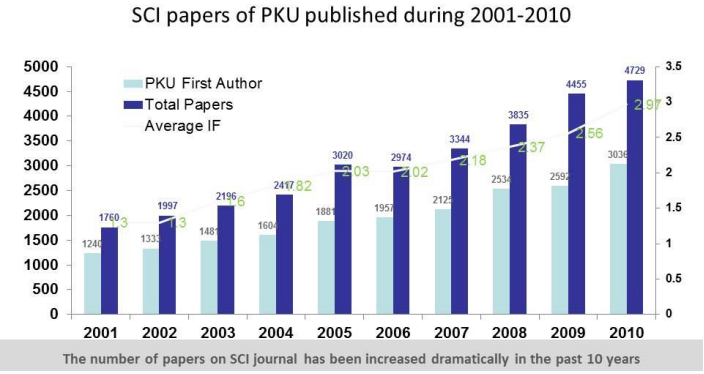
PKU continues to support research through the establishment of many interdisciplinary research centers and the application of research results to economic development. It also encourages researchers to publish papers in high level international academic journals and to collaborate with international 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 driver, 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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