

# New Public Management in Taiwan Higher Education: Are We There Yet?

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## Abstract.

As public universities in Taiwan are state-dependent organizations and historically enjoy higher prestige than private universities and receive more talented students, faculty and resources, this study aims to gain a deeper understanding of how the public universities are governed. Due to a worldwide public administration reform phenomenon since the late 1970s, New Public Management (NPM) is assumed as the superiority of managerial techniques. This study is to analyze, particularly, how the leading public universities in Taiwan strategize to pursue international competitiveness in the globalized era through the lens of New Public Management. Not only review of literature and legislative documents are utilized to analyze the overall situation of governance of public universities in Taiwan. In order to learn at first-hand about stakeholders' perspectives, the author also interviewed eleven participants, ranging from vice presidents, senior administrators, to students, from public universities to gain the insights. The interview result data analysis was carried out inductively via coding using the ATLAS.ti software. The result suggests that NPM principles have yet to be firmly incorporated into Taiwan's higher education and university global competitiveness can be enhanced if the elements of NPM can be applied in university governance since the effectiveness and efficiency of its operation can be improved. On this basis, future research can be focused on what causes the retardation in the implementation of the NPM practice in Taiwan's higher education and how to enhance a university governance structure or model, especially in the country where bureaucratic structure and top-down decision making model in HEIs remains dominant.

**Keywords:** globalized era, international competitiveness, New Public Management, Taiwan, university governance

## 1. Introduction

With growing student and faculty international mobility and the surge of global innovation networks (GINs), universities around the world endeavored to internationalize their campus and enhance their international competitiveness. Taiwan is no exception. As one of the factors that sets apart top universities is their abundant resources (Salmi, 2009) and public universities in Taiwan, besides historically enjoying higher prestige, traditionally receive more funds from the government, the public have been having higher expectation of the performance of the public universities in Taiwan and the relationship between its governance and performance should be carefully

reviewed and studied. Due to a worldwide public administration reform phenomenon since the late 1970s, New Public Management (NPM hereafter) is assumed as the superiority of managerial techniques (Wilcox & Harrow, 1992). Even the World Bank and the OECD (Organization for Economic Co-operation and Development) are keen advocates of NPM reforms across the world. Many scholars (Broucker & De Wit, 2015; De Boer & File, 2009; Byun, 2008) also hold that many countries, since the mid-1980s, have initiated a series of reforms in higher education, which adopt more market-type mechanisms and modern types of governance influenced by the notion of NPM, and have gradually replaced the tradition of state control and academic collegial governance. This new mode of governmental coordination mechanism was perceived as a cure all for the ills of academic self-governance for situations such as spending public funds without accountability to government and society (Leisyte & Kizniene, 2006).

In order to explore if the higher education governance development in Taiwan also follow this international trend, since such a research is scarcely studied, this study attempts to investigate the emerging patterns of governance in Taiwan higher education through the lens of the NPM so as to compare policy developments in Taiwan to wider international trends. More specifically, the study tries to analyze: (1) the major Taiwan higher education reforms which affect public university governance; (2) whether these reforms represent any characteristics of the NPM model of governance; (3) what are the perspectives of university stakeholders about the current governance styles.

With regard to the scope of analysis, the study will focus on the public universities only so as to make a more focused and in-depth analysis. In addition, considering the fact that some of public universities in Taiwan, normally leading universities, receive more funds from the government, the study will focus those universities.

## **1.1 Analytical Framework: Revised Broucker & De Wit (2015)'s Four Broad Areas regarding NPM characteristics in Higher Education**

In order to more systematically structure the analysis, the study basically builds upon an analytical framework classified by Broucker & De Wit (2015). They developed a simple fourfold classification of NPM characteristics in higher education to compare five countries in OECD area, after a critical review of previous studies on governance in higher education (Marginson, 2009; Henard & mitterle, 2006; Bleiklie & Michelsen, 2013; Ferlie et al., 2008). The fourfold classification of NPM characteristics in higher education are (1) Market-based reforms; (2) Budgetary reforms; (3) Autonomy, accountability and performance; (4) New management style and new management techniques. In their classification, governments moved towards increased marketization of the higher education sector, such as the development of the private sector, entrepreneurial culture, etc., to enhance efficiency and accountability, while reducing the financial burden for themselves (Meek & Davies, 2009). As for budgetary reforms, although in most countries, the governments remain the principal funder, the funding is allocated based on input and output indicators and in competitive ways. When speaking of autonomy, accountability and performance, it is noted that higher education in many countries shifted from a state control to a state supervisory model,

which grants universities autonomy. Due the new approaches to funding and monitoring, many universities required to collect, report and analyze data related their performance indicators. The last broad area of NPM elements is about the implementation of a new management style, typified by corporatization, management boards, increased executive leadership and a declining role for collegial bodies.

In this study, however, in addition to complement framework classified by Broucker & De Wit, the author also include, based on other scholars' views toward NPM, such as Pollitt (1995) and Marginson(2017), another four characteristics, deregulation, a various form of decentralizing management within public service for the devolution of budgets and financial control (Larbi, 1999), a focus on outputs, customer responsiveness, entrepreneurial management.

The author also used the above seven NPM characteristics in developing the semi-structure questions when conducting the interviews.

### **1.1.1 Implementation of the NPM principles in Taiwan Higher Education**

Many scholars believe Taiwanese higher education has gone through a great transformation as the country enforced governmental restructuring policies by embracing the global neoliberal ideology since late 1980s. The influence of new public management in terms of deregulation, being more responsive and market-oriented, autonomy, cost-cutting and performance-emphasis is analyzed in the followings.

## **Deregulation**

After the retreat from China to Taiwan in 1949, higher education was tightly controlled and monitored by the government in Taiwan. The role of government was in practice penetrating all aspects of university matters through enacted laws and regulations. After the lift of martial law in 1987, demands for democracy were growing. In addition, the deregulation policy assumes that institutional autonomy will enhance the competitiveness of universities. Afterwards, a series of educational reforms was initiated after the movement of “410 Demonstration for Education Reform” on 10 April, 1994, a petition mainly to withdraw excessive control inflicted upon education by the government. Subsequently, Executive Yuan established an Educational Reform Committee in September 1994, acting as an agent between the government (Ministry of Education) and the social groups. This Committee was made up of 28 members, including the President and academicians from Academia Sinica, leaders and professors from universities, government leaders and officers, leaders from private sectors, etc. Between the Committee implementation timeline from 1994 to 1996, four consultants' reports of different stages and the Consultants' Concluding Report on Education Reform are proposed as basic foundation for a series of Taiwan's education reforms (National Academy for Education Research). According to the Consultants' Concluding Report on Education Reform, it is suggested that government should unfreeze the government's tight regulation of all the education activities to facilitate the education reform. Historically, Taiwan education regulation is using the education

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administrative system to control the personnel, financial and education content, etc. In order to let universities self-governed, diverse, open and professional, the authority revised University Act and Teacher Education Act(師資培育法) and promulgated Teacher's Act.

## Market-based reforms

Educational authority in Taiwan has been expanding the higher education sector since the 1990s to meet the demands of economic transformation, social development and to meet cultural expectations. Consequently, the higher education system of Taiwan has evolved from an elite system to a universal one (Chan, 2015).

In 1995, Education Reform Committee proposed to expand the higher education through the provision of private institutions by the free educational market regarding the growth of higher education reform.

## Budgetary reforms

Taiwan's public universities were completely financed by the central government before 1995. In order to let public universities to have a more flexible planning and operation of university finances and shoulder more operation responsibility, from 1995, some universities started test-run national university endowment fund system to reduce government financial burden. In 1999, National University Endowment Fund Establishment Act was promulgated and each national university and tertiary college is required to establish a university endowment fund to generate and utilize fund. Although public universities may receive around or less than 80 percent of the recurrent income from the government, but they are allowed to keep revenue and the fund they raise.

## Autonomy, accountability and performance

University Act, stipulated in 1994, is a very important statute granting university autonomy with legal standing in Taiwan history, which demonstrates the government started the deregulation and unfreezing the government's authoritarian control over the university. According to Article 1 of University Act, universities shall have as their objectives conducting academic research, training and educating highly skilled people, enhancing culture, serving society, and boosting national development. Universities shall be guaranteed academic freedom and shall enjoy autonomy within the scope of laws and regulations.

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After University in 1994, government loosens the regulations toward public universities in terms of personnel control. Universities can select and appoint their president, deans, heads of department, directors, administrative supervisors, staff, teaching and research personnel.

To boost university international competitiveness, the Taiwanese Ministry of Education (MOE) launched Development Plan for World Class Universities and Research Centers of Excellence and Aim for the Top University Project, investing over \$100 billion over ten years in over fifteen universities and twelve universities respectively. The above two projects are both 2 stage implementation projects and the fund and selected universities for second stage are decided by the result in the first stage and review made by reviewing council(審議委員會).

Taiwan has more than 160 universities, including public and private, varying in size, scope and quality. The Ministry of Education selected those which have the possibility either to break into the top 100 universities in the world, or to be among the best in the Asia Pacific Region in key research areas as the recipient universities for these competitive funding strategies.

In 2018, another five-year project called Higher Education Sprout Project was launched hoping to reinforce the university quality and multi-faceted development and international competitiveness.

## Summary

Since late 1980s, as the political and economic changes from traditional authoritative to a more liberal, open and competitive environment in Taiwan, higher education sector has undergone numerous reforms due to the influence of new public management. Taiwan's government took many measures, such as deregulation, being more responsive and market-oriented, autonomy, cost-cutting and performance-emphasis, to create a more competitive and open environment in higher education sector.

## 2. Research Design and Methods

### Perspectives of university stakeholders about the current governance styles

In order to collect the perspectives regarding the current university governance from the stakeholders in leading public universities in Taiwan, the study utilized face-to-face interviews. Administrative level or roles of the interviewee was the unit of analysis.



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Each participant was asked to compare share their perspectives and observations of their institution's governance based on the following seven NPM characteristics.

1. Market-oriented
2. Deregulation
3. Focus on Outputs
4. Customer Responsiveness
5. Entrepreneurial management
6. New Management Style
7. Autonomy, Accountability and Performance

In the semi-structured interviews, the research first asked the participants to freely share their observations. Only when the participants not sure the meaning of some characteristics, the researcher would use questions to ask the practice of their affiliated institutions to understand their governance model. For instance, questions regarding personnel selection, hiring and salary are to evaluate the interviewee's affiliated university's market-driven dimension. Questions regarding their institutional sources of revenue and fiscal arrangement are to evaluate the NPM impact on the autonomy aspect. Questions related to decision-making process, performance-evaluation, accountability, etc. to explore their institutions' autonomy, accountability and performance status. Some questions related to decision-making process, sustainable development, etc. are also asked to view their institution's management situation.

In the study, eleven interviewees from top 5 public universities are selected for the semi-structured interviewed. The university selection criteria are based on the government grant amount universities receive through performance-based funding projects, such as, Development Plan for World Class Universities (2006-2010), Aim for the Top University Project (2011-2015), Higher Education Sprout Project (2018-present), etc. These 5 public universities have received the most fundings, compared to other Taiwanese public universities, since 2006. As interviewees of different positions may hold various perspectives, the researcher interviewed varied stakeholders from the above-mentioned 5 leading public universities in Taiwan, including one vice-president, four heads for international affairs office, one teaching faculty, four senior administrators, and one student. The researcher regards such heterogeneity of interviewee' administrative levels, roles, experience, observations, etc. may reflect the real situation of the leading public university governance in Taiwan.

## Findings

*Table 1: Interview Result*

	Do you see this	Remarks
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NPM Element	element in your institution?		
	Yes	No	
Market-oriented	2	9	Not each “yes” answer represents a confirmed response.  Most interviewees expressed they notice some signs for certain NPM elements in their university governance but there are still many rooms for improvements.
Deregulation	9	2	
Focus on Outputs	1	10	
Customer Responsiveness	2	9	
Entrepreneurial management	4	7	
New Management Style	5	6	
Autonomy, Accountability and Performance	4	7	

*Source: Compiled by the Author*

In terms of market-oriented dimension, most interviewees expressed their salary, either for administrators or teaching faculty or the personnel hiring procedure, due to the binding restriction from the government, the current practice is not very competitive. However, 2 participants from the same institutions stated that situation is getting better, compared to the past, since some new policies were introduced by the top leadership, to provide additional monetary subsidies to outstanding teaching faculty or staff, although not to an ideal level yet, the direction of their institution is on the right track.

For the NPM’s deregulation element, most participants notice the government removed some regulations of the education activities and public universities have more autonomy now. However, still 2 interviewees think the government still controls the public universities by the inflexible budget or audit regulations, which limit public universities’ autonomous operations.

For the focus on outputs characteristics, most participants don’t see this practice in their university governance model. The reasons for this include some work result or performance evaluation cannot be measured quantitatively. 2 participants also feel that sometimes the goals are not very clear so few people will focus the result the efforts bring about.

As for the customer responsiveness, two interviewees feel their institution will adjust their course content based on students’ need. But also another two interviewees mentioned that they would not always satisfy students’ demand since universities are educational institutions and the demands from students sometimes are not correct, for instance, they may wish to pass a course without needing to study hard, professors normally would not satisfy this kind of demand. Also, 2 interviewees mentioned that

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some professors would not adjust or improve their teaching style just because professors are the boss in the classroom and they receive tenure for their job already.

In terms of entrepreneurial management, four interviewees mentioned it exist in their institution. One thinks it is due to their leader's encouragement. One thinks some offices, such as innovation center, champion the same concept. The other two from the same institution mentioned that is the culture of their university. Other interviewees who do not notice this entrepreneurial element in their institutions mentioned no incentive mechanism encourage such behaviors.

For the new management style, 5 interviewees from 3 institutions think their leaders have great leadership, inspire the whole university culture in a positive way, and think their consultation and mixed bottom-up and top-down decision-making mechanism help to form the proper decisions for important university development. But still 3 interviewees, all are senior administrators, are not satisfied with the current collegiality governance since they complained about the professors who head administrative offices normally focus more on their teaching or research work and cannot devote full attention to administrative work. Besides, these professors have to make decisions for those offices they lead while some of them may be not very experienced in administrative job and may not make the right decision. In addition, the face-saving culture in Taiwan prohibits staff to speak up their concerns about the instructions received from their supervisors and may just follow the instructions which they do not think reasonable but feel frustrated.

In terms of the autonomy, accountability and performance element in these leading public universities, 4 interviewees from 3 institutions think their universities regularly review the performance and make administrators or offices aware of the goal they are pursuing and the job evaluation is properly implemented. However, 3 interviewees from 3 institutions (even one institution overlaps with the one in previously-mentioned institutions) do not agree that their university implement any accountability or performance review mechanism. They stated some leaders or administrative leaders may make wrong decisions but no one review the bad consequences they bring about. And different evaluation standards toward to contract workers and public servant working in the same office may lead office conflict and injustice. They also complained that supervisors seldom discuss their job performance and evaluate their performance. Regarding the university autonomy situation, all interviewees think their universities are autonomous since they still receive bulk percentage of money from the government for their university operation, and they still need to follow many rules and regulation from the government.

### **3. Conclusion (TNR 14pt., bold)**

With intense global competition, many universities realize the governance model matters and will affect their operation efficiency. Based on the researcher's small scale interview, it is noted that leading public universities agree that NPM spirit can improve



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their university governance. Nonetheless, public universities in Taiwan still receive a large amount fund (over 40%) from the government, hence, they cannot truly realize the autonomy and their governance model is heavily affected by the stiff government regulations. But most leading public universities are in the right track of NPM governance model although still some NPM elements may not be implemented in education institutions, especially in public state-funded universities.

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