Trends in Resource Allocation within Japanese Universities

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- Financial situation of Japanese universities
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Expenditure on tertiary education as a percentage of the GDP (2006)

Annual change in the main public funds allotted to universities

The Matthew effect

- The former imperial universities enjoy more competitive funds, while most of the other national universities have been suffering from annual cuts in their budget.
  - ‘The rich get richer and the poor get poorer’.
- This pattern is also observed in the private sector.
Under-enrolment in private universities

Private university corporations operating in the red

Number of corporations with financial deficit

-20%

Percentage of these corporations

The rich get bigger and the poor go bankrupt?

Even though many private universities are facing the financial crisis…

- Some famous private universities such as Waseda University recently increased their capacity.
- This severely affected small institutions, especially those in local areas. Some of these will soon be bankrupt.
The importance of preferential allocation within universities

• With the current decline in birth rate and the ever increasing number of universities, each university’s piece of pie is getting smaller and public subsidies are diminishing; thus, the financial situation of many national and private universities in Japan is worsening.

• In these circumstances, preferential allocation within universities should be made more effective in order to ensure survival in a competitive market.
Survey

- A survey was conducted to examine the trend in preferential allocation within Japanese universities.
- This survey included all the universities listed in the Index of Japanese Universities published for fiscal 2005.
- The survey is noted for encompassing three different authority levels, namely, the president, faculty dean, and head of department.
In Japan, clear differences emerge in the views of university presidents, faculty deans, and heads of departments with regard to the degree of preferential allocation within universities because faculty deans and heads of departments regard discretionary budget expansion as a means of aiding the governance and management reforms currently underway.
The three aspects, university foundation, university type, and professional rank, were applied to analyse the responses to question 5-4:

- In which of the areas listed below has your university strengthened or weakened internal budget allocation over the past five years? In the future, what areas do you think require strengthening or weakening?

Further, this question lists the following seven areas:

- 5-4-1 preferential allocation according to research performance,
- 5-4-2 preferential allocation according to educational performance,
- 5-4-3 uniform allocation based on standards,
- 5-4-4 prioritised allocation at the discretion of the university president,
- 5-4-5 prioritised allocation at the discretion of the faculty dean,
- 5-4-6 prioritised allocation to research projects, and
- 5-4-7 prioritised allocation to educational projects.
Figure 1. University presidents’ past five-year view on question 5-4-1: preferential allocation according to research performance (classified by university foundation)
Figure 2. University presidents’ past five-year view of question 5-4-1: preferential allocation according to research performance (classified by university type)
Classification of the university type

Type-A institutions are former imperial universities, which are top research-oriented universities;

Type-B institutions are research-oriented universities other than Type-A;

Type-C institutions are comprehensive universities, which include a faculty of medicine;

Type-D institutions are comprehensive universities, which do not include a faculty of medicine;

Type-F institutions are composite universities, most of which pertain to the social sciences or humanities;

Type-G institutions are healthcare-related single-department universities;

Type-H institutions are other single-department universities.
Figure 3. University presidents’ past five-year view of question 5-4-4: prioritised allocation at the discretion of the university president (classified by university foundation)
Table 1. University presidents’ expectations regarding question 5-4-4: prioritised allocation at the discretion of the university president (classified by university foundation)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>National</th>
<th>Prefectural</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening</td>
<td>39.4%</td>
<td>62.5%</td>
<td>52.2%</td>
<td>28.8%</td>
</tr>
<tr>
<td>Slight strengthening</td>
<td>36.3%</td>
<td>23.2%</td>
<td>26.1%</td>
<td>42.5%</td>
</tr>
<tr>
<td>No change</td>
<td>23.5%</td>
<td>14.3%</td>
<td>21.7%</td>
<td>27.4%</td>
</tr>
<tr>
<td>Weakening</td>
<td>0.9%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>
Figure 4. Future expectations for question 5-4-4: prioritised allocation at the discretion of the university president (classified by professional rank)
Figure 4. Future expectations for question 5-4-4: prioritised allocation at the discretion of the university president (classified by professional rank)
Figure 5. Future expectations for question 5-4-6: prioritised allocation to research projects (classified by professional rank)

- University presidents
- Faculty deans
- Heads of department
Figure 6. Future expectations for question 5-4-7: prioritised allocation to educational projects (classified by professional rank)
Why?

Q: Why is the faculty dean and head of department less enthusiastic than the university president with regard to expanding prioritised resource allocation?

A: The answer can be traced to their scepticism regarding the expansion resulting in a greater allocation of resources to their faculties or departments.

However, this answer is not satisfactory.
Figure 7. Future expectations for question 5-4-1: preferential allocation according to research performance (classified by professional rank)
Figure 7 is similar to figures 4, 5, and 6.

- However, unlike the earlier questions, here, the faculty deans and heads of departments were asked about preferential allocation within their own faculties or departments.
- They were unlikely to be motivated by concerns over a reduction in the funds currently allocated to their own faculty or department.
- Thus, the important factor in this case should be competitive appraisal and the distance thereby created between the appraisers and those being appraised, as opposed to funding availability.
Appraisers and those being appraised

- The university president always serves on the appraisal panel dealing with the preferential allocation of resources within a university.
- Faculty deans and heads of departments both make and receive appraisals.
  - Once faculty deans and heads of departments have served their term of office, they revert to being rank and file staff, which is always subject to appraisal.
- The viewpoint of faculty deans and heads of departments is therefore coloured by factors of rank and file, implying that they may not favour the expansion of a funding pattern highly, which increases competition among staff members, thereby increasing the significance of appraisals.
Faculty deans and heads of departments

- The considerably large number of faculty deans and heads of departments who do not strongly support discretionary budget expansion are probably concerned that discretionary budget expansion will serve to aid the governance and management reforms currently underway.

- These reforms include the investment of increased authority in their universities for administration, reduction in the authority of faculty councils, and the replacement of peer-based systems with bureaucratic ones.
Conclusion

- In the near future, it is likely that many faculty deans, heads of departments, and regular lecturers will seek reductions in project-based expenses and the president’s discretionary budget if they find themselves unable to wholeheartedly endorse the increase or retention of the existing levels.

- This is because most universities are likely to find it difficult to secure the requisite budgets for their basic expenditures—except for those research-oriented universities that may receive external funding.
Many Thanks for Your Attention

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