

# Restructuring through Mergers: The Chinese Experience

**David Y. Chen**

David Y. Chen is a Ph.D. candidate at the Institute of Higher Education, Huazhong University of Science and Technology, Wuhan, China 430074; e-mail: <davidcyc@263.net>.

The Chinese higher education system was established in the 1950s, fully based upon the Soviet pattern in the context of a highly centralized and planned economy. However, as the market economy was being implemented, the system characterized by a large quantity of inefficiently run and narrowly specialized professional colleges proved incapable of adapting to the new challenges. To change the system became a matter of strong public interest and concern. Sticking to the guidelines of *gongjian* (joint administration), *tiaozheng* (adjustment), *hezuo* (cooperation), and *hebing* (merger)—the main target of reform was to change the obsolete pattern under which universities were owned and run by a variety of central ministries, so as to establish a fairly decentralized, two-tiered management system in which administrative powers would be shared by both central and local governments, but with the local governments being required to play a major role.

After painstaking efforts, in 2000 the vice-premier of the Chinese government announced “the optimization of the administration structure of higher education has been basically and successfully fulfilled.” During the restructuring, 452 institutions have gone from central to local control, only 71 flagship universities are still under the jurisdiction of the Ministry of Education, and some 50 special professional institutions are temporarily under their corresponding ministries. Although the merging of universities and colleges is the most difficult course of action, a total of 612 higher institutions have been merged into 250. (It should be noted that some of these actions have been rather perfunctory.)

*Hebing*, or merger, as a way for improving economies of scale and creating strong, comprehensive universities, was also most controversial and eye-catching. Even though the restructuring was initiated in 1985, the essential steps were not taken until the 1990s, when mergers were used as a pilot mechanism to change the structure of higher education. There are two kinds of mergers. One is to merge smaller institutions in close proximity that share the same or similar fields of study but are affiliated to different government departments. This step is taken to increase efficiency and effectiveness, broaden discipline coverage, and tackle the problem of segmentation and provincialism. Such mergers were relatively simple procedures and were encouraged by the government and widely welcomed by the public. In May 1992, seven relatively small colleges in the area of Yangzhou city, in Jiangsu Province, were merged

to create the totally new Yangzhou University, which then became the most comprehensive and one of the largest universities. Its success has led to a number of other mergers.

But this success has not been achieved with another kind of merger—that is, mergers among larger and stronger universities, which were undertaken to build model, first-class universities. In April 1994, two major universities—Sichuan University and Chengdu University of Science and Technology—were combined. Both were spin-offs of Sichuan University and adjacent to one another. However, their merger illustrates the difficulties of such a strategy. Headaches such as renaming the institution, rearranging personnel, redistributing powers, and allocating money almost caused the merger to fail. The ups and downs of this first merger of two leading universities were seen as a warning to proceed cautiously. Therefore, even though, by 1998, 207 institutions had been merged into 84, by 1998 amalgamation among strong ones was rare.

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The full-scale restructuring movement started in 1998 with a push from the campaign of government to change its own role in the market economy. Departments of the State Council were reduced in size; ministries, except for the Ministry of Education, were no longer permitted to hold and run higher education institutions. Instead, institutions were required to detach from their originally affiliated departments and find their own means of survival. Responsibility for these institutions devolved upon the localities, or was transferred to the ministry, mainly through mergers with universities already under direct ministry administration. In this period, 1,232 institutions were radically changed through decentralization and amalgamation. About 406 universities have been restructured and pared down to 171 since 1996. The process of merging universities and colleges was accelerated. In just the first half of 2000, 778 institutions, formerly affiliated with 49 departments under the State Council, were restructured.

Mergers were thought to be the shortcut to producing world-class universities. Such institutions, it was believed, should be comprehensive, large enough to handle increasing

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enrollments, and academically prestigious. Consequently, university giants mushroomed through mergers. In particular, it was thought that medical universities were essential to first-class universities and should be incorporated into the new comprehensive universities. Almost all would-be first-rate universities were vying for medical universities to incorporate, with the result that the best medical universities were quickly absorbed and consolidated. Many ambitious universities are still seeking a medical university or, less advisedly, trying to set up medical schools of their own to avoid being perceived as inferior in the competition for resources and status in the hierarchy of higher education.

In fact, the trend toward merging large and prestigious universities has been criticized, even though it has been promoted and supported by government during the whole process. Critics have said, “bigger is not always better,” and have pointed out that just having a wide range of study fields and programs does not ensure they will be of world-class quality. However, such voices did not immediately

impede the drive toward mergers. Now, however, the consolidation of higher education institutions seems to have come to an end, in response, again, to a change in policies of the central government.

Out of the whole process, a number of lessons have been learned. One concerns the role played by government. Chinese higher education reforms have been dominated by the government, but with little attention paid to the university’s role. Consequently, institutions that were forced or were at least reluctant to undergo consolidation might well react with dampened enthusiasm as they confront the work of actually implementing the mergers. In retrospect, mergers between larger and stronger universities tend to encounter difficulties caused by the fusion of campuses with disparate cultures and the pressure of managing large-scale universities. By contrast, the annexation of smaller and weaker institutions by bigger and stronger universities is relatively easy to carry out because the institutions being incorporated have limited power.

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## Establishing a Quality Assurance System in Indonesia

### M. K. Tadjudin

*M. K. Tadjudin is chair of the National Accreditation Board for Higher Education. Address: Jl. Jenderal sudirman, Gedung C, Jakarta, Indonesia. E-mail: <tadjudin@dnet.net.id>.*

Indonesia at present is experiencing a serious economic crisis, resulting in less funding for education. While it has become difficult to improve and expand education programs in Indonesia, the societal demand for higher quality output is increasing. In the current situation, Indonesia is trying to maintain the progress thus far achieved. The areas of reform that have been suggested for Indonesia—and other countries—include encouraging differentiation among institutions, providing incentives for public institutions to diversify sources of funding, redefining the role of government in higher education, and introducing policies explicitly designed to give priority to quality and equity objectives.

In operational terms this means that universities should have autonomy and practice internal quality control, while external quality control is performed by accreditation agencies. I will focus here primarily on the quality assurance of universities, especially the Indonesian experience in establishing a quality assurance system.

#### *A New Paradigm*

The quality of higher education can be controlled through internal control of academic programs, government regulations, market mechanisms, and accreditation. The quality of an institution of higher education is determined by the resources (human and material), the learning-teaching

process, and the quality of its products (graduates, research, and service). Basically, accreditation of an institution involves the evaluation of these three aspects.

At present, higher education policy in Indonesia is aimed at improving quality by focusing on relevance, academic atmosphere, institutional management, sustainability, and efficiency. Known by its acronym, RAISE, this policy was aided by a new paradigm in higher education management—one aimed at quality enhancement through increasing autonomy, improving accountability, periodic self-evaluation, and accreditation.

As part of the implementation of the new paradigm, a 20-member National Accreditation Board for Higher Education (NAB) was established in 1994 to evaluate study programs in higher education. At first, board members acted also as the reviewer; however, since 1999 reviews take place through peer review, while the board acts only as policymaker and supervisor. In the beginning, the board was a unit operating under the director general of higher education (DGHE), but since 1998 the board has functioned as an independent unit directly under the minister of national education. Because of government regulations, the budget still goes through the DGHE. A proposal to corporatize the board is still under review by the government.

The accreditation system is based on program accreditation. Due to technical difficulties the first round of accreditation involved primarily the evaluation of human and