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Rankings and the Battle for World Class Excellence: Institutional Strategies and Policy Choices

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Global rankings are creating a furore wherever or whenever they are published or mentioned. Politicians regularly refer to them as a measure of their nation’s economic strength and aspirations, universities use them to help set or define targets mapping their performance against the various metrics, while academics use rankings to bolster their own professional reputation and status. What started out as a consumer product aimed at undergraduate domestic students has become both a manifestation and driver of global competition and the battle for excellence. To survive, higher education institutions are using rankings to help strategically plan, set targets and define priorities. Are they acting irrationally?

Based on an international survey (2006) and extensive interviews in Germany, Australia and Japan (2008), this paper provides a comparative analysis of the impact and influence of rankings on higher education, institutional experiences and responses, and explores how the broader national and global environment shapes institutional decision-making and behavior. In other words, policy matters.

Globalisation, rankings and public policy

The evolution from agricultural to industrial to knowledge production has transformed every aspect of society, worldwide. Across the OECD, there is strong acknowledgement that the “transition to more knowledge-based economies, coupled with growing competition from non-OECD countries” requires heightened capacity and capability to create, disseminate and exploit “scientific and technological knowledge, as well as other intellectual assets, as a means of enhancing growth and productivity” (OECD, 2004, p11). Knowledge has become the foundation of economic, social and political power. Yet, many countries face difficulties associated with sharp demographic shifts evidenced by the greying of the population and a concomitant decline in students, especially PhD graduates. The “scramble for students” (Matsumoto and Ono, 2008, p1) or “battle for brainpower” now complements traditional geo-political struggles for natural resources (Wooldrige, 2006, p2). Countries with high levels of international students benefit from the contribution they make to domestic research and development while those with low numbers find it “more difficult...to capitalize on this external contribution to domestic human capital production” (OECD, 2007, p34). Global competition is reflected in the rising significance and popularity of rankings which attempts to measure the talent-catching capacity of higher education institutions (HEIs).

While the immediate popularity of rankings has been credited with satisfying a “public demand for transparency and information that institutions and government have not been able to meet on their own” (Usher and Savino, 2006, p38), these explanations do not fully explain the almost instantaneous and universal endorsement and obsession with either the Shanghai Jiao Tong Academic Ranking of World Universities (henceforth SJT, 2003) or the Times QS World University Ranking (2004). Within months of publication, a major EU meeting was told that Europe was “behind not just the US but other economies” (Dempsey, 2004). This assessment
was based on the first SJT ranking which had showed only 10 European universities among the top 50 compared with 35 for the US. In subsequent years, it has been followed by numerous other governmental and institutional pronouncements and pledges, and occasional hand-wringing and exhortations.

The arrival of both the SJT and the Times QS was remarkably well-timed and auspicious, albeit arguably, global rankings were a product whose time had come. They complement the worldwide shift in public policy characterized by less government intervention, greater institutional governance and fiscal accountability, market-led quality assurance and accreditation, and hierarchical mission differentiation (van Vught et al, 2002). As a manifestation or artifact of globalization, rankings appeared to order global knowledge and to give meaning or a “plausible” (Marginson and van der Wende (2007, p55) framework or lens through which the global economy and national (and supra-national) positioning can be understood – and re-imagined. As such, governments – politicians and ministry officials – across the OECD, and beyond, follow rankings very closely. While reticent to acknowledge the extent to which rankings provide the justification, rationale and/or evidence for policy and decision-making, they are anxious to build-up, strengthen and/or protect the global status of their universities. To lose status can be humiliating for nations and institutions alike (EdMal, 2005; Alexander and Noonan, 2007).

Globalization has changed the relationship between higher education and the state, but it is also transforming the relationship between institutions, and between institutions and society. In place of the old bargain wherein HEIs were “largely free to do as they choose, funded but not impeded by a grateful state”, their activities are now tied very directly to national economic success (Robertson, 1997, p78). By highlighting reputational differentiation, rankings have affected all HEIs – even institutions which had previously been sheltered by history, mission or governance. High-ranked and not-ranked, international-facing and regionally-focused, all institutions have been drawn into the global knowledge market, challenging underpinning assumptions about (mass) higher education. Whether within or between countries, rankings are helping transform all HEIs into strategic corporations, engaged in positional competition, balanced fragilely between their current and their preferred rank. By appearing to strengthen or grant visibility to some institutions, rankings have also exposed perceived weaknesses – at the system and institutional level. To succeed, or even just survive, requires significant changes in the way in which HEIs conduct their affairs. Despite criticism of the methodological validity of particular indicators or the weightings attributed to them, rankings have become a (convenient and timely) policy instrument and management tool.

This paper provides a comparative analysis of institutional responses and strategic choices drawing upon a 2006 international survey, and interviews with HE leaders, faculty, students and stakeholders in Germany, Australia and Japan during 2008. The three countries share some common characteristics and experiences: i) presence of a national ranking system: CHE-HochschulRanking in Germany, Melbourne Institute International Standing of Australian Universities and Good University Guide in Australia, and Asahi Shimbun newspaper in Japan, ii) competitive challenges to the historic and presumptive global position of each country, iii) government policy has sought to reform/restructure higher education in response to escalating competition, e.g. national competitions/benchmarking, excellence initiatives, and internationalization, and iv) internationalization has been identified as a prime goal. Their experiences enable a broader understanding of the impact and influence of rankings, beyond that of individual institutional behaviour. The paper is organized as follows:
• Part 1 identifies the salient characteristics of the impact and influence of rankings on higher education,
• Part 2 situates institutional strategies within the policy context of the three target countries, and
• Part 3 moves the discussion to a broader level, and reflects on some institutional and policy choices.
• The conclusion provides a short summary and reflects on the implications.

Impact and Influence of Rankings

Initially college guides fulfilled a public service role aimed at helping and informing undergraduate students and their parents. They were usually produced by media organisations or independent agencies, and rated and occasionally ranked HEIs using a combination of qualitative and quantitative information. Overtime they developed an advocacy or public accountancy role, re-interpreting government and other public data or developing bespoke surveys on, inter alia, research productivity and teaching and learning into a ranking, with or without weightings attached to the various indicators. By effectively naming-and-shaming, rankings introduced a competitive dynamic into the national system which was seen to (positively) influence institutional behaviour and thereby improve quality. Both the Australian National Union of Students survey (NUS, 2007) and government Teaching and Learning Fund were seen to incentivise behaviour, e.g. allocating/diverting resources to student services or closely monitoring teaching. Global rankings were the next logical step, albeit they shifted attention to a single dimension – research. Today, rankings consciousness is on the rise around the world accelerated by excellence initiatives, shifting national demographic profiles, student and professional mobility, public belief that rankings are equated with quality and value-for-money, and media coverage of the results.

Given this scenario, it is not surprising that over half the respondents (58%) to the 2006 survey were so disappointed with their current rank that 93% and 82%, respectively, said they want to improve their national or international position. And, notwithstanding their methodological concerns or the mathematical impossibility of it – 70% expressed a wish to be in top 10% nationally and 71% in top 25% internationally (Hazelkorn, 2007). HE leaders believe rankings are here to stay and they have little alternative but to take them into account because others do.

Higher education widely believes that rankings enable institutions to build, maintain or elevate their reputation and profile (nationally and internationally); that high-achieving students use rankings to shortlist institutional choices, especially at the postgraduate level; that stakeholders use rankings to influence their decisions about funding, sponsorship and employee recruitment; and that high rankings bring benefits and advantages. A high rank is seen as self-perpetuating once achieved, but there are also down-sides. The risk may be financial – for example, over dependence on international students – but by far and away the most important is reputational risk.

Across OECD countries, the impact of rankings on higher education shares a number of salient features which have been well documented (Hazelkorn, 2007, 2008; Locke et al, 2008).

1. The marketisation of higher education has transformed students into savvy consumers. Rank has become an issue of self-pride and peer-esteem or the contrary. Essentially, there are four
categories of students, undergraduate and postgraduate, domestic and international students, each of which uses rankings differently.

• Domestic undergraduate students usually attend a local university, but depending upon circumstances and choice this could be within their city or the next Länder. They use a combination of local intelligence, local rankings (e.g. Ashahi Shimbun University Ranking [Japan], CHE-HochschulRanking [Germany], or the Good University Guide [Australia] or entry scores [Japan] as appropriate – the more difficult a university is to enter, the better it is seen to be. There is also evidence that high-achievers are becoming mobile; it is estimated that ~2% of Australian undergraduate students are mobile but this number is rising. For the bulk of domestic students, ranking consciousness rises while at university, usually because of internal communications from the President, faculty, brochures or conversations with peers.

• International undergraduate students constitute a relatively small percentage of the student cohort, except for those spending either a semester or year abroad. These decisions are usually made on the basis of institutional partnerships, albeit within the choice available, some students do consider reputational factors which may or may not have been derived from global rankings. Full-time international students are more likely to make their choice based on local intelligence and family connections, although residency requirements may also be a factor.

• Domestic postgraduate students are likely to have become conscious of rankings while at university and are likely to use them to inform their postgraduate choice. While they do make more complex choices based on their field of specialisation and expertise of faculty, they are keenly attuned to the perceived after-sale value of their qualification. High-achieving postgraduate are increasingly likely to travel either within their country or to another country.

• International postgraduate students are the major users of global rankings. They use rankings to short list a choice of institutions, sometimes within an identified country: might know about Australia, but not where in Australia to go. Like their domestic colleagues, international students are especially conscious that institutional rank transmits social and cultural capital which resonates with family, friends and potential employers. This is particularly critical for Asian students ultimately seeking employment in their home country.

... at my university, I have a colleague who graduated from Columbia University and she’s holding a very high position at the university now. They did not tell me frankly but I could read their minds that if I am lucky enough to graduate at this university I could not be as highly appreciated as the one who graduated from Columbia University.

In summary, students are likely to use rankings to help short-list or verify their choice rather than determine their choice, although this appears dependent upon ability and socio-cultural aspirations. Those seeking professional employment, e.g. medicine and law or an academic career appear more sensitive to institutional status than students in other/newer disciplines, e.g. media/journalism or liberal arts. Students are particularly sensitive to media coverage and publicity: we’ve got one university which has suffered a very steep drop in enrolments internationally and it’s because of bad publicity...

In turn, demographic changes and accelerating competition have compelled HEIs and governments to use rankings to target particular types of students. New sophisticated marketing/recruitment strategies are being developed to woo high-achieving students with attractive financial and scholarship packages, often with other benefits, including financial assistance, access to particular facilities, etc. At the postgraduate level, HEIs are likely to use rankings to short-list applicants. Likewise, governments are tying study-abroad scholarships to particular HEIs.
2. Rankings inform strategic thinking and planning. They are an item on the agenda of most senior executive meetings, and the majority of HEIs undertake some form of analysis usually led by the Vice Chancellor/President but occasionally by the Governing Body. Sixty-three percent of respondents to the 2006 international survey said they had taken strategic, organisational, managerial or academic action, but only 8% said they had taken no action (Hazelkorn, 2007). This represents a remarkable change from the 20% US University Presidents who claimed they ignored rankings in 2002 (Levin, 2002).

The majority of institutions use rankings to identify an ambition, set a target or benchmark, selectively choosing indicators for management purposes. These metrics are carefully analysed and mapped against actual performance in order to identify strengths and weaknesses, set strategic goals, define targets/key performance indicators (KPIs), and aid resource allocation. In turn, the metrics fix targets for individual department/units, and depending upon performance, influence resource allocation. Thus, rankings provide the evidence, justification or rationale for making significant change, speeding up reform or pursuing a particular agenda. It allows management to be more business-like not so much a management tool but a rod for management’s back.

For many HEIs, rankings have taken on a QA function, especially in countries where QA mechanisms are relatively new or weak – the former being the case in Germany and Japan. This may reflect a lack of public trust in institutional-based assessment. Accordingly, HEIs are paying more attention to student satisfaction, the quality of the teaching/learning environment and facilities, support for student councils, etc. Although different processes, there is a close correlation between professional accreditation and rankings, and they share similar properties. The former is increasingly seen as vital for particular disciplines, e.g. business, engineering, and some clinical health sciences. Accreditation criteria maps comfortably against rankings criteria – such as the number and level of faculty, publication rates, faculty/student ratio, etc. The former also provides a similar QA and international value-mark; institutions without appropriate accreditation in those fields for which professional recognition matters may find themselves increasingly isolated.

3. Rankings are influencing the re-organisation or re-structuring of higher education institutions. This may include merging discipline compatible but distinct departments, merging whole institutions generally in the same region/city, incorporating external organisations within the domain institution or, on the contrary, separating undergraduate and postgraduate activity via creation of semi-autonomous research institutes/Centres-of-Excellence or Graduate Schools. Indeed, the latter is a universal theme. The objective is not just greater efficiencies but greater visibility through critical mass: more active researchers working in teams, winning more competitive funds and producing more verifiable outputs, with national/international partners, in a timely fashion. In countries where English is not the native language, the emphasis is on creating the above as English-language units.

HEIs are improving, refocusing or developing admissions, marketing and publicity activities into year-round professional offices with rapidly expanding budgets and staff. Many HEIs are heavily involved in attendance at student fairs in key Asian cities (but also in central and south America) and extensive advertising. A fully-resourced institutional planning and research office is de rigeur. Almost 50% of international respondents and 35% of US presidents use their rank for publicity purposes (Hazelkorn, 2007; Levin, 2002), highlighting (positive) results on their webpage, in speeches, at new faculty or student orientation or international meetings, or when lobbying government. The cliché, I know half of my advertising works, I just don’t know which half might be appropriate here.

What have they got to promote. I mean they’ve the trees and the grounds and all that. But I mean you have to get across status and importance and performance somehow and they don’t have an awful lot else to go on...
A random look at HEI web pages and strategic plans illustrates the extent to which many institutional ambitions are expressed as a designated ranked position (see below). These developments correspond to significant modernisation and professionalization of academic services, and a growth in administrative compared with academic posts.

4. There is growing evidence that rankings are influencing priorities, including curriculum: a growth in (English-language) specialist/professional Masters programmes to attract international students, aligning or harmonising programmes with US or European models, such as Bologna, or discontinuing programmes which do not positively affect graduation rates. However, the biggest changes are apparent in rebalancing teaching/research and undergraduate/postgraduate activity, and re-focusing resource allocation towards those fields which are likely to be (controversially) more productive, better performers, and indicator sensitive/responsive. Regardless of what kind of HEI, the message is clear: research matters more now, not more than teaching necessarily but it matters more right now at this point in time.

The arts, humanities and social sciences feel especially vulnerable (The easiest way to boost rankings is to kill the humanities), particularly in institutions with a strong presence in the biomedical and other sciences – but this may also apply to other non-medical health professions. Professional disciplines, e.g. engineering, business and education, which do not have a strong tradition of peer-reviewed publications, are also under pressure. There is little doubt that HEIs are considering the costs associated with remaining in fields/disciplines which are deemed less vital to their profile or perform poorly on comparative indicators. Their choice is boosting the performance of strong areas and perhaps redistributing earned funds to weaker areas later, bringing weaker areas up to the level of the strong or closing them down. While there is insufficient proof of a widespread movement out of particular fields there is plenty of evidence of the (relative) strengthening high science areas. This is being accomplished either directly by using the President’s special fund to assign additional faculty to particular units or building new dedicated labs and other facilities, or indirectly by rewarding those departments which are especially productive or secure exemplary funding.

5. The academic profession is coming under intense pressure to alter the way in which it has traditionally performed. Rankings are often deconstructed down to the departmental level, and used to identify both best performers and under-performers. Everywhere, faculty performance is being linked to the types of metrics that drive rankings.

I think the university needs to calm down. We’ve had two career panic days; it’s what I call them where they’re like Communist training sessions where everyone has to stand up and say what they are doing to improve their career.

There’s certainly a perception in some areas of this university that teaching is used as a punishment for people who don’t get grants.

Institutional autonomy has enabled the introduction of market-based salaries, merit/performance pay and attractive packages to be used to reward and woo high-achieving scholars. Recruitment emphasis is on mid-career scholars, and some fear this may impact negatively on post-docs, younger scholars and women. At the same time, faculty are not innocent victims. They are quick to use rankings to boost their own professional standing and, as one person stated, are unlikely to consider research partnerships with a lower ranked university unless the person or team was exceptional.

Finally, while rankings were initially developed to inform undergraduate students and their parents, rankings consciousness now extends to a wide range of external stakeholders including government and policymakers, employers, philanthropists and private investors, alumni, industrial partners, and other academic organisations. Most governments are cautious about indicating the extent to which rankings inform actual decisions, but willingly acknowledge that rankings – as an indicator
of international competitiveness and performance – do inform policy, however indirectly. The various excellence initiatives are a prime example (Salmi, 2007). Alumni, philanthropists and industrial partners refer to rankings as an indication of the value of their relationship or potential return-on-investment. SMEs and local employers have an implicit rankings based on their own experiences which is self-perpetuating although larger/international businesses and professional organisations are more systematic. They tend to use rankings as a short-listing device whereas applicants experience a glass ceiling.

**Policy Environment and Institutional Positioning**

HEIs are often perceived as acting irrationally with respect to their response to rankings, but are they? This section comprises brief vignettes which situate institutional responses within their national and global context as a way of understanding institutional responses.

**Germany**

*What are the universities people talk about internationally – Oxford, Cambridge, Harvard, Stanford – but no German universities...We look back decades and people came to German universities; today they go to US universities.*

The *Exzellenzinitiative* (2005), coupled with demographic shifts and increased institutional autonomy, marks a significant shift from traditional emphasis on egalitarianism – *having good universities across Germany* – towards competition and hierarchical stratification. Global rankings, rather than the CHE-HochschulRanking which have been around since 1998, are identified as the prime driver. In the absence of German universities among the top 20 or 50 in the SJT and only 1 in the Times QS ranking (Chambers, 2007), it aims to promote top-level science and research via Graduate Schools and Excellence Clusters. In so doing, the objective is to create a German *Ivy League* and reclaim Germany’s historic leadership position in research.

Not only did the competition provoke a huge response from the universities and jockeying for position for relatively small amounts of money (€1.9b over five years), but the results have been perceived and used both within Germany and in the other countries as a ranking. It had the desired effect of boosting international visibility – giving *a little more glamour to Germany* –, increasing interest from international students and faculty who are finding it is not as easy as...before to get a visa to the US – and from employers and industrial partners. The latter are using rankings much more systematically to identify potential employees.

*... those who are looking at their institution on an international scale are fully aware of the potential of these ratings, rankings, evaluations to attract students, to attract faculty and so on and it is also commented in...the newspapers, in comments in the media and so on ....*

The converse is, however, equally true as illustrated when one HEI’s lack of success in the first round was greeted with: *Why did that happen? Are you not excellent anymore?*

Despite concern that global rankings do not adequately measure Germany’s strong presence in engineering/technological research, HEIs are developing strategies and readying their institutions for the more competitive environment. This means using rankings to define the targets and promote a distinctive profile. There are particular concerns that demographic changes after 2015 will lead to a severe shortage of domestic students, not just at
undergraduate but especially PhD level. Proposals to restrict matriculation from BA to MA to
only 50% of the former cohort were halted due to insufficient numbers. This has placed
international recruitment at the forefront. At the same time, competition for high-achieving
domestic students is also heating up.

Increased institutional autonomy – which facilitates financial discretion, the right to
charge tuition and make organizational changes – is influencing how different institutions
respond. Ambitious HEIs have already adopted a more professional approach to management,
strategic planning and decision-making, which has also affected their approach to academic
recruitment and human resource management – and using attractive salary and benefits
packages to head-hunt international scholars. In turn, institutional position is seen as critical to
making a HEI attractive to prospective new faculty. Inter-institutional competition is also
leading to changes in the academic profession and work practices; new performance
measurements and recruitment practices are challenging the traditional power of the
professoriate and individual professors.

The emphasis on elite institutions, with consequential differences in research investment,
is straining traditional fault-lines (e.g. between the more distinguished HEIs of the S/SW and
those of the North/East) and creating new alliances/consortia (between universities and
research institutes, e.g. Max Planck and Fraunhofer and between universities). The
autonomous status of the former is blamed for Germany’s low standing in global rankings,
because the latter only include HEIs. Rankings are also accelerating inter-institutional
competition. Since Bologna

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\text{it depends not so much on the type of higher education institution but more on the specific profile and in that sense universities...[have] very much relied on their status as a university. They are...afraid of the new competition with some fachhochschulen.}
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There is some reluctance to admit the scale of likely changes but no institution,
department or discipline is immune:

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\text{It is obvious that the future structure of the university, over the next five or ten years will be different. There will be faculties weakening and others getting more important and getting more money and getting more visibility.}
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In one institution, the humanities and social sciences have been told they must find ways
to connect to the natural sciences which is our new strategic focus.

Given EU policies (e.g. Bologna) and Germany’s geographic position, regional, cross-
border and global networks of excellence have increasing importance for benchmarking,
research, programme development, and student/academic exchanges. Higher education’s
relationship to the Länder (which are essentially competing with each other) and the federal
government is already taking a different form. Thus far, rankings are viewed positively –
globally ranked HEIs are a matter of national pride. There are few voices arguing to return to
traditional egalitarian values.

\text{Australia}

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...the government is very keen for Australia’s export image to be seen to have these high class universities and then...say to the world look we have high class
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universities in Australia, come and study here. You don’t only have to go to the US or the UK... [it is a question] ...of the export image.

Australian HEIs have operated in a competitive environment, nationally and globally, for years. The replacement of the binary with a unitary system in 1989 coupled with fiscal incentives and other liberal policies introduced a strong competitive element, and compelled HEIs to earn an increasing proportion of their income from tuition fees, performance and international students. The latter has made Australia the major student-importing country internationally comprising 19.3% of the student population (2005) exceeding the OECD average of 6.7%, although it lags behind in the vital postgraduate/PhD student market (OECD, 2007). In some universities/faculties, international students comprise over 50% of total students. Education is the 3rd largest export sector in Australia, worth $12.5bAUS, behind coal ($20.8b AUS) and iron ore ($16bAUS), and ahead of tourism ($11.5bAUS) (IDP, 2008). This situation is both a cause of celebration and anxiety – the latter due to increased global competition for international students and the growth in capacity, especially at undergraduate level, in the student-exporting countries. In either case, it is unlikely that the government or alternative income sources can replace the $2375.4mAUS earned in international fees in 2006.

Both the SJT and Times QS consistently feature two Australian universities, Australian National University and the University of Melbourne, among the top 100 universities. This fact is greeted positively by those who welcome enhanced visibility for brand Australia and critically by those who say Australia lacks “truly stellar research universities” (Marginson, 2008). These responses reflect the opposing strategic options now being considered: to abandon the egalitarian policies and preferentially fund a small number of top-tier competitive universities or to ensure the creation of a diverse set of high performing, globally-focused institutions, each with its own clear, distinctive mission. It may be possible to reconcile these competing views by using targeted funding linked to mission and a competitive innovation fund for research.

Despite some HE leaders suggesting a more benign interest, rankings are informing and influencing institutional strategies. Some argue that global recognition follows national recognition. Others are using global networks to catapult themselves to the forefront of global science. In either case, most HEIs are engaged in detailed almost microscopic mapping and tracking exercises and some have a (privately held) preferred ranking-designation. Rankings are regularly discussed at senior team meetings, and used as a benchmarking mechanism, from which HE leaders and planners play against a basket of rankings and link it to your mission.

... the fact that you can link an international student driver and a domestic research driver and a government agenda and a philanthropist all through the one mechanism is quite a powerful tool in the arsenal of management and so I actually think it’s been good for the sector in being able to drive change and create a vehicle or a discussion point that then gives management more impetus...

Rankings feature in public and official announcements, on web-pages and blogs, in brochures and any other publicity/marketing material: we use whatever accolades [we] have and ignore everything else.

Because international students are more likely to use global rankings to inform their choice, globalization is injecting a new competitive dynamic into the system and into the
debate about the role and purpose of mass higher education. It has reawakened arguments about the 1989 Dawkins’ reforms: how can Australia meet the investment needs required to compete at the highest level internationally while funding all universities at the same level? Are there too many universities with similar missions? And if teaching is differentiated from research, what happens to regionally-focused research? The recent government change, from liberal to social-democratic, is likely to affect the nuances around this debate, as one leader wryly acknowledged: it could be a disadvantage to be ranked too highly because government may look to spend funding elsewhere.

Japan

The government wants a first class university for international prestige...Rankings are becoming important to present Japan attractively and getting good students and good workers as the population declines. That’s the government’s motivation.

Japan, like many OECD countries, is facing a demographic transformation – declining numbers of prospective HE students and increasing numbers of older people – and a financial crunch at a time when global competition is demanding greater investment in higher education, especially in RDI. Previously protected by geography from the full effect of competition, Japan’s universities are facing considerable pressure and urgency to reform and modernise. Since 2000, the government has introduced a series of legislative and policy initiatives aimed at increasing institutional autonomy, boosting management capabilities, enhancing evaluation and emphasizing quality, and developing internationally-competitive research via centres of excellence and graduate schools (Oba, 2007). The government hopes these factors will effect a transformation of the HE system, replacing traditional public/private distinctions with differentiation based on market-sensitive profiles, emphasizing teaching, research and/or community service, along international/national/regional lines.

The reforms have coincided with and are a response to global rankings. Using the Times QS or SJT as a measurement, Japan has either 11 or 8 universities, respectively, in the top 200. According to the Times Higher Education QS, Japan ranks 5th in the world but if the data is controlled for population or GDP, Japan falls to 18th or 19th position, respectively (Beerkens, 2007). There is stiff competition from China, Korea, Singapore, and Taiwan – all of whom are investing heavily in higher education with the objective of establishing world class universities. Japan has ambitions to designate about 30 top universities (Yonezawa, 2007), albeit some believe the government will do what’s necessary to protect the status of the Imperial universities of Tokyo and Kyoto from other (Asian) competitors.

Internationalisation has become both a university and a government priority because it is seen as a measure of international competitiveness. The government has announced plans to increase the number of international students from the current 100,000 to 300,000 by 2020 but this strategy is not without its challenges. Readying Japanese higher education for an influx of international students means upgrading campuses, and transforming selective postgraduate/PhD programmes and activities in the sciences into English – even though over 92% of foreign students come from Asia, of which 60% are Chinese and 15% Korean (JSSO, 2007). Twenty universities will receive additional funding to help establish an international strategy and “strengthen support systems for foreign researchers and students” (MEXT, 2005).

Most universities are focusing on post-graduate activities, initially in specific fields - usually in science and technology. Institutional flexibility allowed under “incorporation”
(introduced 1 April 2004) permits universities to offer distinctive tenure arrangements and salary packages to entice internationally-competitive scholars. At one university, exceptional scholars can earn up to twice their baseline salary (from 8mJPY to 16mJPY) based on performance; others are introducing similar initiatives. Knowledge of Japanese is not required because these scholars will teach at the postgraduate level, with international or internationally-minded students. But new facilities are required. HE leaders identified the need for new and more dormitories and world-class labs. At a time when university budgets are being reduced 1% annually, the financial implications make many HE leaders sceptical that the government’s target is achievable. And there are the longer-term socio-cultural, including linguistic, implications.

National rankings, such as the comprehensive *Asahi Shimbun*, are growing in popularity (Yonezawa et al, 2002); a new one focused on teaching is being developed by *Yomiuri* newspaper. However, most students still rely on a combination of local intelligence and entrance scores; the more difficult a university is to enter, the better it is seen to be. In sharp contrast to other countries, rankings are more commonly used by middle and low achieving students. The de-regulation of tuition is likely to be used as another indicator. On the contrary, international students rely heavily on global rankings – to help identify the best university but also to help guarantee employment when they return home.

HEIs are becoming more strategic, identifying research strengths and niche competences, reviewing resource allocation, and recruiting international scholars, and adapting the curriculum accordingly. There are some differences between the older Imperial and newer regional universities. The latter have some experience operating and recruiting on the world stage while the latter have been largely passive, waiting for locally-captive students to come to them. Most realise this situation is no longer tenable but the faculty age profile may not be conducive to radical or immediate changes. Escalating inter-institutional competition for students, faculty, research funding, and sponsorship have already led to the demise of a number of small private universities. There is a strong view that in order for Japanese HEIs to compete globally, the government will close down some regional and private universities and direct money to the major universities or that some institutions will become teaching only. The traditional view, that teaching should be informed by research, is changing.

**National and Institutional Strategic Choices**

The relationship between higher education institutions, national policy and global processes is a complex one. Are HEIs hapless victims, buffeted by policy decisions, implemented by an equally helpless state or does globalisation merely open up a “whole array of new opportunities” (van Vught et al, 2002, pp106-107) or is the answer somewhere in-between? According to Kim et al (2007, p85), despite changes in governance, national governments continue to have a major role in defining the main objectives of the higher education system, determining the instruments with which to attain those objectives, and the criteria for assessing the performance of those instruments. But the processes and events impacting on and influencing both state and institutional behaviour and actions are increasingly competitive, and transcend national borders. The operating environment is shaped, as well as constrained, by a complex dynamic involving global, national and local agents, which Marginson and Rhoades (2002, p282, 290) call a “glonacal agency heuristic”. Depending upon mission and other factors, HEIs are increasingly transnational or global actors extending their influence across the world. Porter’s diamond of “competitive advantage” adds another dimension; by highlighting the critical role of institutional strategy/choice, HEIs are not just acted upon but are knowledge intensive industries sharing
characteristics with similar actors (Porter, 1990). There is a menu of possible institutional or enterprise strategies and policy choices that are obscured by the simpler one dimensional framework. To paraphrase Best: every HEI strives to develop a distinctive strategy, but every HEI operates within a national and increasingly global higher education system (Hazelkorn, 2005, pp112-115). This section examines the interplay between national and institutional strategic options.

**Policy Options**

“What do we need to achieve by 2013? Two universities ranked in the top 20 worldwide” (Cronin, 2006).

This is the opportunity for more of our universities to emerge as world-class institutions. More of our universities should aim to be within the top 100 internationally and I would like some of our universities to aspire to the top 10. (Bishop, 2007)

Rankings have become (controversially) an important measurement of international competitiveness and national economic strength. Despite SJT’s over-reliance on research indicators or the Times QS’ preference for reputation (arguably another indicator of research), governments and policymakers are seen to be more responsive to global rather than national rankings. Rankings are used to underpin government exhortations about being more competitive and responsive to the marketplace and customers, defining a distinctive mission, being more efficient or productive, and becoming world-class. The battle for world class excellence has fused national and institutional priorities, and transformed global rankings from a benchmarking tool into a strategic instrument. This has direct implications for the way in which policy ambitions and initiatives are drafted – and interpreted by institutions.

These trends are apparent, in differing degrees, across the OECD – and so are national responses. Japan and Germany have quite complex and substantially larger HE systems than Australia – 726 333 and 38 HEIs, respectively. While Australia and Germany are predominantly public systems, Japan has a substantial private HE sector equivalent to 76.2% of all HEIs, some of which are highly-ranked. Australia has a unified national system as per the Dawkins reforms of 1989 while Germany retains a binary system (universities and Fachhochschulen/Universities of Applied Sciences). All three countries face regional and competitive pressures arising from the global knowledge economy and huge investment in R&D elsewhere, especially by China, compounded by a tightening fiscal situation and demographic changes – albeit for both Japan and Germany the real crunch is due about 2015. Australia faces the most immediate and profound skills shortage.

These developments have provoked a wide-ranging debate on (mass) higher education, and whether research and research training (PhD) investment should be concentrated “through much more focussed funding of research infrastructure in [one or two] high performing institutions” or “support for an unspecified number of high performing research intensive universities” or “support for excellent performance, wherever its institutional setting” (Review of HE, 2008). Germany and Japan (plus France, Russia, China, Korea) want a small number of world-class universities (10 and 30, respectively), focusing on research performance via competitions for Centres-of-Excellence and Graduate Schools. The German strategy of designating an elite group of universities means replacing long-standing egalitarian values about access to and lack of differentiation between HEIs with a hierarchical and openly-competitive system. Even the term *elite* causes tensions, provoking memories of recent German history. Problems associated with late-development means that this strategy inevitably provokes Matthew Effect
accusations (Germany, Australia) because they are based on zero-sum assumptions about funding – unless, of course, more resources can be put into the system. There are also implications for regional institutions and diversity, with political differences emerging within and between parties in Germany and Australia about how to balance excellence initiatives with support for good quality universities across the country. These differences are best illustrated in Australia since the recent change of government (cf. Bishop, 2007 and Gilliard, 2008). Thus far, Japan’s strategy has provoked little evidence of such discordance.

The strategy is underpinned by the belief that competition will drive vertical (reputational hierarchies) and horizontal (functional) differentiation forcing HEIs to specialize and focus on niche fields of competence. Those in favour point to evidence that the German binary or public/private divisions in Japan are already withering away, while others suggest that competition by itself encourages copy-cat actions unless policy actively encourages diversity of mission (van Vught, 2008). Australia may choose to split funding for higher education from research/innovation formally at the government level e.g. separate ministries, as the UK has recently done. In this and similar instances, two complementary strategies might be emerging: Pursue mission differentiation by ministries of education via targeted funding, and pursue research excellence by ministries of enterprise/innovation via competitive funding. Another strategy is to link rankings with institutional contracts or compacts, in much the same way that QA or accreditation criteria might be used to both define/confirm differentiated missions. In this case, rankings act as a quasi-funding mechanism.

Governments have been content to quietly condone the role that rankings have played in accelerating competition between HEIs while demurring from the actual concept or process. They have been critical of what they see as all HEIs wanting to excel in research and of mission drift. In seeking to reverse this trend, some governments have sought to drive a wedge between teaching and research as if they were exclusive attributes, e.g. Australian Teaching and Learning Fund – and then were confused that the results did not produce the anticipated dichotomy. Yet, none of this should come as a surprise when there is little evidence of alternative values.

*It’s a reputation race/game, and in this – research is sexy. Reputation, unfortunately, is always based on research, ... and research attracts the best talent.*

The effect has been arguably to undermine diversity and encourage the reputation race.

**Institutional Options**

*This strategic plan...reflects our unswerving commitment ... to transform [xxx] University, within the next 10 years, into a world-class institution that will be ranked among the top 30 leading universities in the world. To be number two – that would be good – and to be among the first ten universities in Germany is also a goal. We are ten or eleven so it differs between the different rankings so that’s a point. So we might reach number five or six, would be possible.*

Policy focus on competition and world-class excellence means that very few HEIs are able to ignore the fuss associated with rankings. While most HE leaders are quick to say they are not controlled by rankings, they are used as a kind of technique to improve performance...it’s an ambivalent situation although this differs from university to university depending upon the mission and goal². Others are more direct:

*We analyze these different elements (SSR, publishing papers in English, increase international students, improve peer reputation)...we talk to the Dean of each school*
and we also discuss among the Board members. Then we find a method to improve the ranking. So that’s the agenda.

The most logical response is to identify those indicators (e.g. research in the SJT or reputation in the Times QS) which are easiest to influence, and to set reciprocal targets for different units and levels of the organisation. It is arguable that all of the actions below can be attributed directly to rankings as distinct from normal competitive factors, better professional organization or quality enhancement, but there is a strong correlation between them and specific indicators (see below and Table 1).

The simplest and most cost-neutral actions are those that affect brand and institutional data, and choice of publication or language. Most non-native English HEIs are busy encouraging their faculty to publish in English language highly cited/international journals, and ensuring that a common institutional brand is used on all academic publications. The latter is especially critical for HEIs which have recently merged different organisations/units each of which carried a separate identity or logo. In addition, accurate data collection – whether the focus is research output or international student numbers – is seen as vital. The aim is to ensure that all activity is captured by the ranking organisations and accurately reflected [research output; international faculty/students]. After this, the costs rise – potentially exponentially.

Because rankings reward (older and) larger comprehensive institutions – by aggregating outputs – size does matter; accordingly, institutional restructuring and particularly the reorganisation of research including the creation of research institutes and graduate schools – often with special or targeted investment – is pervasive across higher education [research output, research quality/citation index]. Recent changes to the SJT do aim to control for this, but does not militate against their overall advantage. And, most of this activity tends to favour the sciences because this activity is best captured in internationally, publicly-available and verifiable data bases, e.g. Skopus or Thompson ISI [research output, research quality/citation index]. Many HEIs are developing/expanding English-language facilities and capacity through the recruitment of international scholars and students [research output, quality of faculty and international faculty/students]; improving marketing and hence peer knowledge of the institution through expensive/extensive advertisement features, e.g. in Nature, glossy brochures or marketing tours [peer appraisal, quality of faculty], rewarding faculty and PhD students who publish in highly-cited journals [research output], and seeking to positively affect the staff-student ratio [teaching quality]. Institutions everywhere are preoccupied with recruiting more high-achieving student numbers, preferably at PhD level who like international scholars will be assets in the reputation race – a variation of the adage: excellence in, excellence out [quality of faculty, international faculty/students, research output, research quality/citation index, peer appraisal, graduate employability].

Devising a coherent and successive strategy is the result of a complex set of choices. HEIs are torn between putting resources into revising the curriculum or building up research. Should the organisation be reconfigured, and if so how? What is the best way to organise processes and structures to improve quality, academic performance, visibility and/or efficiency? Should the emphasis be on recruiting high-achieving or HiCi faculty with attractive salaries and benefits or helping develop existing faculty – and if focus is on the former, do we risk alienating or demoralising the latter? Should rankings be used to help improve our strategic planning or define our targets? Should we merge with another institution or re-organise our own institution? How much do we have to spend? How much can we afford to spend?
<table>
<thead>
<tr>
<th>Table 1: Mapping Institutions Actions against Rankings</th>
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<tr>
<td><strong>Examples of Actions</strong></td>
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<tr>
<td><strong>Research</strong></td>
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<tr>
<td>• Reward faculty for publications in highly-cited journals</td>
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<tr>
<td>• Publish in English-language journals</td>
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<tr>
<td>• Set individual targets for faculty and departments</td>
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<tr>
<td><strong>Organization</strong></td>
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<tr>
<td>• Merge with another institution, or bring together discipline complementary departments</td>
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<td>• Incorporate autonomous institutes into host HEI</td>
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<tr>
<td>• Establish Centres-of-Excellence &amp; Graduate Schools</td>
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<tr>
<td>• Develop/expand English-language facilities, international student facilities, laboratories, dormitories</td>
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<tr>
<td>• Establish Institutional Research capability</td>
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<tr>
<td><strong>Curriculum</strong></td>
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<tr>
<td>• Harmonize with EU/US models</td>
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<td>• Favour science/bio-science disciplines</td>
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<td>• Discontinue programmes/activities which negatively affect performance</td>
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<tr>
<td>• Grow postgraduate activity relative to undergraduate</td>
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<tr>
<td>• Positively affect student/staff ratio (SSR)</td>
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<tr>
<td><strong>Students</strong></td>
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<tr>
<td>• Target recruitment of high-achieving students, esp. PhD</td>
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<tr>
<td>• Offer attractive merit scholarships and other benefits</td>
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<tr>
<td>• More international activities and exchange programmes</td>
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<tr>
<td>• Open international office</td>
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<tr>
<td><strong>Faculty</strong></td>
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<tr>
<td>• Head-hunt international high-achieving/HiCi scholars</td>
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<tr>
<td>• Create new contract/tenure arrangements</td>
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<tr>
<td>• Set market-based or performance/merit based salaries</td>
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<tr>
<td>• Reward high-achievers</td>
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<tr>
<td>• Identify weak performers</td>
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<tr>
<td><strong>Public Image/Marketing</strong></td>
</tr>
<tr>
<td>• Professionalize Admissions, Marketing and Public Relations</td>
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<tr>
<td>• Ensure common brand used on all publications</td>
</tr>
<tr>
<td>• Advertisements in <em>Nature</em> and <em>Science</em> and other high focus journals</td>
</tr>
<tr>
<td>• Expand internationalization alliances and membership of global networks</td>
</tr>
</tbody>
</table>

Source: SJT, and Times QS.
Conclusion

As knowledge has become the key barometer of current and potential national competitiveness, global HE rankings have emerged to measure participation in world science by the number of HEIs or discipline/departments among the top 20, 50 or 100. Because “national pre-eminence is no longer enough” (Warwick, 2007), an internationalist strategy is now imperative for governments, and for international-facing and regionally-focused HEIs. No one is immune. The accelerating pace of this “arms race”, with its continual “quest for ever increasing resources” (Ehrenberg, 2001), however, poses major policy challenges for national governments, and in turn higher education.

There is clear evidence that HEIs are operating as strategic enterprises – using rankings to help define targets and set strategic goals. Despite context differences – political regime, history, mission and geography – there are remarkable similarities between how different types of institutions in Germany, Australia and Japan are responding, the decisions they are making and the reasons why. It is clear that rankings are encouraging and influencing the modernisation and rationalisation of institutions, the professionalization of services and marketisation of higher education, the research mission and fields of investigation, curriculum and disciplines, faculty recruitment and new career/contractual arrangements, and student choice and employment opportunities. At a time when demographic changes are shrinking the number of (traditional) students and intensifying competition, rankings help build brand awareness.

Rankings are also transforming the way HEIs liaise and collaborate with each other, moving beyond exchange programmes to global networks. Greater institutional autonomy, and for some financial independence, means HEIs are choosing to benchmark themselves against peers in other countries, and forge consortia through which research and programme development can occur. While some HEIs vie for high rank, for many others just being mentioned is beneficial – the more visible, the more attractive they are to potential consumers, whether they be students, potential faculty, philanthropists, employers or other HE partners. Critically, even HEIs which are not globally ranked are affected/infected by the rankings obsession. They are concerned about being ignored, marginalised or by-passed by potential students, the government (local and national), and other stakeholders. Public opinion, as expressed and disseminated via the media, can be especially cruel: the local newspapers write that local government should not spend more money for our university.

Globalisation is bringing about greater convergence, but HEIs are fixtures of the state and national policy – and their (re)actions reflect those ambitions and value systems. In many instances, rankings are being used to as a policy instrument, to direct or inform initiatives or act as a quasi-funding mechanism. The most common approach is to seek to (further) concentrate resources, usually via a competitive process, in a small group of elite universities which can compete head-to-head with top ranked US institutions. Size matters in this strategy; many government initiatives are aimed at encouraging mergers between institutions, or between institutions and other autonomous agencies, e.g. research institutes or hospitals.

Today it is common for politicians and other national leaders to proclaim national ambitions based upon a particular rank on either the SJT or Times QS scale. Rankings are creating a sense of urgency accelerating the pace of reform, and incentivising institutional behaviour. Some of these changes can be viewed as part of the broader modernisation agenda, improving performance and public accountability, while others can be viewed as perverse,
e.g. reshaping/realigning academic priorities and research to match indicators, and recruiting only high-achieving students.

Because rankings and similar benchmarking assessments do influence institutional behaviour and performance, the policy choices are critical. Governments need to balance the objectives of helping institutions improve performance and quality; drive research excellence; provide better and more transparent information to students, potential students and the public; engender investor confidence to the public/taxpayer; provide the basis for evidence based policy making; and create more transparency of diversity – because the illusion of diversity can be dangerous. The key challenge is balancing excellence in world science (including the arts, humanities and social sciences) with a world-class higher education system – accessible to the widest number of people. Using global rankings as the benchmark only makes sense if the indicators are appropriate – otherwise, governments and institutions risk transforming their system and institutions to conform to metrics designed by others for other purposes.

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Notes

1. This paper draws on two inter-related studies and approaches. An international on-line questionnaire was distributed to the members IMHE and IAU from June to September 2006 asking about the impact and influence of rankings on their decision-making and on higher education. Of the 639 people/institutions, responses were received from 202 institutions, representing a 31.6% response rate. During 2008, interviews were conducted with an indicative sample of HEIs and stakeholders in Germany, Australia and Japan. This study was undertaken under the auspices of the IHEP, and the IMHE and IAU. In total, 29 organizations were visited, and 75 interviews conducted. All phases of the work conformed to the DIT Research Ethics policy.

2. Unattributed quotations in italics are from participants from the 2006 or 2008 study. They were guaranteed anonymity given the sensitivity of the issues involved. Accordingly, no reference is given to country or to institutional type except in a general way.
REFERENCES


