A Hidden Cultural Force: Contextualizing Taiwan's higher education governance

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Abstract. The approaches to governance employed by various societies have become increasingly similar, following a pattern of reforms that move away from the control mode to the supervisory mode. To this end, direct central involvement is being replaced by a model that relies on more sophisticated forms of funding, monitoring, and performance review. This case study research adopts in-depth semi-structured interviews with 31 top- and mid-level administrators and academics at two premier universities and senior members of the ministry and its affiliated organizations. Through the lens of agency theory, it explores stakeholders' perceptions of university-government relations and how the government maintains its support, control and influence through a system of checks and balances. The findings reveal a salient role of the government as a policy driver. In addition, the coalitions of universities, the state, and society have exerted a significant impact on policy development and implementation in Taiwan. Empirically, this study has illustrated how a cultural force hidden in agency theory influences higher education governance in Taiwan. Thus, it sets an implication and further theorizes an application of this widely-used and western-based framework to understand the state-university relationship in East Asia.

Keywords: Taiwan, higher education, governance, agency theory, cultural perspective

Introduction

The framework of agency theory has transcended boundaries in various disciplines. For example, in the past two decades, agency theory has been applied to understand university-government relationships. Among the search results for the keywords 'agency theory' and 'higher education' on the ERIC search engine in the past 20 years since 2001, only 21% of the total 23 journal articles are Asian-based research, while three-fourths of the results are Western-based. When using the keywords 'principal agent' and 'higher education,' only 16% of the total 18 articles are Asian-based, and 83%

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are Western-based.

There is a large and growing body of empirical research on agency theory in higher education. Agency theory was initially taken to examine the politics in the US among the government and university board (McLendon, 2003). Later, some undertook agency theory to understand the higher education accreditation standards and their complexities (Blackmur, 2008; Lane, 2007), while others used the framework to analyze performance-based funding policies imposed by the government to improve university performances (Gornitzka et al., 2004; Hillman et al., 2014; Liefner, 2003; Nisar, 2015). In political science, agency theory helps identifying actors and steering patterns adopted by the government (Ferlie et al., 2008; Rebora & Turri, 2011).

Literature review

Despite extensive applications of agency theory in the US and Europe, its framework has not been comprehensively applied to explain the university-government interactions in East Asia, where the models of higher education are distinctive from those of the West (Marginson, 2011, 2019; Shin, 2018). In Taiwan, researchers touch on the framework of agency theory in one way or another in their observation. Hou (2011) referred to an accreditation agent, Higher Education Evaluation and Accreditation Council of Taiwan (HEEACT), and raised her concern about the principal-agent problem whereby the commissioned accrediting body is obliged to fulfill the government's goals despite its own agenda and mission. More recently, Chan and Yang (2018) described the emergence of this quality assurance agency as a semi-governmental model. They further highlighted the 'steering at a distance' strategy symbolizing a strong state presence with greater intrusion by an external body to the university sector. Albeit the versatility of agency theory, when applying this widely-used framework across cultures, it is vital to consider potential divergence from the distinct socio-cultural context of that particular society. This cultural awareness is consistent with Marshall Sahlins' *Centrality of Culture* derived from his lengthy ethnography of Oceania. According to him, in anthropological and historical disciplines, complex issues of social structure, history, and agency are evolved in cultural change. Therefore, when framing the relationship between motives and actions, the factors that agents take to justify actions are historically rooted in their social roles and ideologies (Sahlins, 2000).

A framework of agency theory

Agency theory provides explanatory and predictive insights into the economic aspects of governance in higher education. Originated from economics disciplines, the theory describes the relationship between two or more parties in which one, taking a role as the principal, engages another party, designated as the agent, to perform some assigned tasks on behalf of the principal (Jensen & Meckling,

1976). Against this backdrop, agency theory can be instrumental in analyzing the power relations between government control and institutional autonomy. Underpinned by the positivist perspective (Bendickson et al., 2016), the university-government relationship is a contractual binding. To draw accountabilities, the strings-attached contracts are set to provide incentives for universities to improve performance and simultaneously commit to the goals that are in line with government policies. Under goal conflicts and information asymmetries, each party pursues its own self-interest and opportunism to maximize its utilities. Typical relationship problems arise when the government devolves authority to universities that hold expertise and information not easily available to the government. Hence, the government must control universities through incentive structures with specific rules in evaluating performance and oversight mechanisms to monitor universities' behavior. Meanwhile, universities may use their discretionary room stemming from the asymmetry of information to pursue their own interests that will not necessarily align with the goals of the government.

Two common forms of government tools to steer universities are funding and oversight mechanisms. Funding can be performance-based (*ex-post*) or behavior-based (*ex-ante*) (Eisenhardt, 1989; Kivisto, 2005). Applying the *ex-post* approach, the university's performance is often fed into a budget formula. The government subsequently compensates universities for achieving certain outcomes. In other words, universities turn into agencies whose purposes were to fulfill the goals prescribed by the state (Chan, 2010). However, in the longer term, when contract periods have become more routine and universities' accountability is verifiable through monitoring procedures, the government may adopt the *ex-ante* approach in choosing prospective universities. In such behavior-based contracts, the government may rely on a complex array of oversight mechanisms (Lane, 2007). To establish a web of oversight, the government-driven quality assurance systems and evaluation processes are commonly adopted as the monitoring measures that enhance the universities' accountability (Kivisto, 2005). The principal invests in monitoring the agent's actions and then rewards them to the extent that they correspond to the principal's goals (Kivisto & Zalyevska, 2015).

A cultural perspective

Various expectations and different functions of the government lead to a broad spectrum of governance within the diverse political culture in East Asia (Cheng, 2017). In this regard, there exists a common assumption that universities, in some way, are responsible to the government and society. East Asian governments typically provide universities resources with high expectations (Leruth et al., 2006) and rely on universities in fulfilling their roles and functions. These societies share many common heritages, especially Confucianism (Marginson, 2011; Yang, 2020). With the distinctive nature of political culture and governance (Yang, 2020), governments in East Asia direct universities to fulfill their strategic plan through funding support, oversight mechanisms, and performance review. In such a Confucian-influenced environment, the state plays an invigorating role with close

supervision towards the educational agenda (Marginson, 2011). In Taiwan, while the academic structure and system were borrowed from the West, the intellectual climate of universities still retains its deeply rooted Confucian values and ideologies (Chan & Yang, 2018; Lin, 2020).

This article aims to apply agency theory to examine the role of the state and the university-government relationship in Taiwan. While adopting this western-based framework, the researcher bears full cognizance that variations in socio-cultural, economic, and political contexts would fundamentally foster diverse forms of the university-government relationship. Thus, contextual differences may possibly yield different policymaking and implementation process. Two major research questions are: (1) adopting the framework of agency theory, what is the role of the state in maintaining support, control and influence in the Taiwanese higher education governance?; and (2) what are the implications derived from imposing the framework of agency theory to understand the university-government relationship in Taiwan?

Method

This is an empirical study aiming to understand the relationship between universities and the government in Taiwan. Adopting a case study approach, two purposive cases (Punch, 2009) are premier national universities in Taiwan. One (University A) is comprehensive, and the other (University B) is becoming more comprehensive with a background in science and technology. Both are leading research-oriented and large-size universities with over 30,000 students and possessing a balanced ratio of undergraduate and postgraduate students (i.e., 53:47 for University A and 45:55 for University B). Research universities are national institutions that contribute to culture and society and are international institutions that link to global intellectual and scientific trends (Altbach, 2011). It is assumed that, while aiming to attain their world-class status and simultaneously serve local needs, the selected premier universities interact extensively with the government via funding schemes and oversight mechanisms. As a result, the intensity of convergence and divergence in policy and practice can be observed.

Given a transition of the ruling party from the Kuomintang Party to the Democratic Progressive Party after the presidential election in 2016, this longitudinal design intends to understand the dynamics of the university-state relationship under changing governance and the stakeholders' perceptions in terms of governance arrangements. Fieldwork lasted ten months from mid-2017 to mid-2018. Initial contacts were made to selected interviewees, and snowball sampling (Punch, 2009) was conducted afterward by asking the participants to identify other key informants. The research team conducted in-depth semi-structured interviews with 31 top- and mid-level administrators and academics at two premier universities and senior members of the ministry and its affiliated organizations. There were seven participants from university A, thirteen participants from university B, and eleven senior members of the ministry and its affiliated organizations, including those in the

Ministry of Education (MOE), HEEACT (Higher Education Evaluation and Accreditation Council of Taiwan), TWAEA (Taiwan Assessment and Evaluation Association), FICHET (Foundation of International Cooperation in Higher Education of Taiwan), Education and Culture Committee of Legislative Yuan, and other relevant units (Tables 1 and 2).

The two major research instruments were document analysis and in-depth semi-structured interviews. First, the written institutional and government policy documents on higher education development and its governance were reviewed. Drawn from the case universities, the documents include vision and mission statements and strategic plans of selected universities. In addition, the government-related documents such as the *University Act*, fiscal budget schemes, accreditation and evaluation policies concerning Taiwan's higher education development were reviewed. Second, with a prepared list of questions, in-depth semi-structured interviews were conducted. Comparisons and contrasts of interview data were made to search for aggregated themes within data (Gibson & Brown, 2009). The interviews were conducted in Mandarin or English as chosen by the participants and lasted for 60-90 minutes. With consent from the informants, all interviews were recorded and transcribed. The interview data were annotated, coded and triangulated. In parallel, documents were reviewed and cross-referenced. Finally, the interview data were synthesized with documentary data and related literature from books and journal articles.

Table 1. Participants from University A & B

Participant	Administrative Level	Gender	Age	Doctoral Degree	Discipline	Professional Rank
UA-01	n/a	M	40-50	Domestic	Psychology	Associate Professor
UA-02	Faculty Dean	M	50-60	Overseas	Entomology	Professor
UA-03	President	M	50-60	Overseas	Social Science	Professor
UA-04	Administrative Dean	F	50-60	Overseas	Education	Professor
UA-05	n/a	M	60-70	Overseas	Science/History	Professor
UA-06	Mid-level Administrator	M	60-70	Domestic	Science	Assistant Professor
UA-07	Vice President	M	50-60	Overseas	Engineering	Professor
UB-08	n/a	M	70-80	Overseas	Psychology	Professor
UB-09	President	M	60-70	Domestic	Medicine	Professor
UB-10	Vice President	M	60-70	Overseas	Physics	Professor
UB-11	Faculty Dean	F	50-60	Overseas	Literature	Professor
UB-12	Vice President	M	60-70	Domestic	Science	Professor
UB-13	Associate Dean	M	50-60	Overseas	Engineering	Professor
UB-14	Mid-level administrator	F	50-60	Overseas	Education	Professor
UB-15	Faculty Dean	M	60-70	Overseas	History	Professor
UB-16	n/a	M	60-70	Domestic	Chemistry	Professor
UB-17	n/a	M	50-60	Overseas	International Studies	Professor
UB-18	Director	M	30-40	Overseas	Policy Management	Assistant Professor
UB-19	n/a	F	40-50	Overseas	Education	Professor
UB-20	Mid-level administrator	M	40-50	Overseas	Engineering	Professor

Remark: UA refers to participants from university A, and UB refers to participants from university B.

Table 2. Participants from Higher Education Affiliated Organizations

Participant	Administrative Level	Gender	Age	Degree	Years of Experience	Professional Rank
GO-21	Mid-level official, MOE	F	40-50	Domestic	20-25	PhD
GO-22	Head, HEEACT	F	50-60	Overseas	20-25	Professor
GO-23	Former Head, HEEACT	M	50-60	Overseas	25-30	Professor
GO-24	Board member, TWAEA & Former Head, HEEACT	M	60-70	Overseas	30-35	Professor
GO-25	Global ranking analyst	F	50-60	Overseas	25-30	Professor
GO-26	Senior official, MOE	F	50-60	Domestic	30-35	PhD
GO-27	Advisor, MOE & Head, FICHET	F	50-60	Overseas	25-30	Professor
GO-28	Advisor, MOE	M	50-60	Domestic	30-35	Professor
GO-29	Former Head, Educational Bureau MOE	M	50-60	Domestic	25-30	Professor
GO-30	Board member, TWAEA Evaluation specialist, HEEACT	M	60-70	Overseas	35-40	Professor
GO-31	Legislator, Education and Culture Committee of Legislative Yuan	M	50-60	Domestic	20-25	Master

MOE: Ministry of Education
HEEACT: Higher Education Evaluation and Accreditation Council of Taiwan
TWAEA: Taiwan Assessment and Evaluation Association
FICHET: Foundation of International Cooperation in Higher Education of Taiwan

Findings

Adopting the framework of agency theory and incorporating a cultural perspective, the study examines the stakeholders' perceptions toward the dynamics of Taiwan's higher education. It probes how the state maintains support, control, and influence in the system.

Taiwan's cultural blend

The political environment in East Asian societies encompasses the contextualization of cultural and political factors (Guo, 2013). Taiwan is a non-Western society with a unique blend of modernity and traditional values. Of the five countries in East Asia that share a common cultural heritage (i.e., Hong Kong, Japan, South Korea, Singapore, and Taiwan), Taiwan is considered to have significantly embraced the western democracy to its indigenized Confucian society (Cheng, 2017). One senior policymaker presented his pride in culturally blended governance:

> Our founding father [referred to Sun Yat-sen] delicately combined Western democracy with Chinese Confucian thoughts. Talking about Confucianism, we gracefully have preserved and passed down the values; for example, filial piety to parents, respect to teachers, citizen

relationship with the government. Although the core value of *the Three Principles* is people-oriented, Chiang Kai-shek had to impose martial law due to social unrest. It was eventually released and we have now returned to the society that is predominantly governed by people. Still, our democracy is not too western. We are not like the US where the country is so large. Taiwan is small. So, our government holds central authority. The design of polity is different from the West in its context (GO-30).

Taiwanese higher education is a product of the imported American Anglo-Saxon model despite Japanese colonization for almost five decades. The participants shared achievements and frustrations as illustrated by the following remarks:

At that time, we adopted pretty much the Western model as those who went overseas brought back their experiences, but we also retained the oriental culture on various social levels. There were inevitable conflicts while we tried to conserve traditional Chinese culture. It was an implementation of the Western discipline together with the inclusion of Confucian spirit. That is rather complicated and can't be achieved in a short period of time. (UB-13)

Taiwan initially took over the system from the US. However, we also adapted and created many aspects to suit our society. I feel Taiwan possesses Western efficiency and modernity. Yet, we have also tried to retain our own traditional values. It has been a tough process. (UB-10)

Western people adopted Socrates' pedagogy that students may enquire and challenge teachers. Although we have adopted this approach of interaction very early on, it does not seem to be functioning. Confucian values have penetrated deeply into every corner of our society. Learning and teaching behavioral models in the East and West are different. (UA-04)

Imposing the Western concept of a university in Confucian socio-cultural contexts has never been easy for Chinese societies (Yang, 2019). Underpinned by their unique set of cultural values, Western models allow little room for Confucian societies to maneuver.

Close relations among the state, universities, and society

A senior policymaker referred to the Confucian *five dualistic relationships* when describing the changing trends of the university-government relationship in Taiwan.

I would say previously the government and universities are like father and son. Perhaps, it was even like the emperor and citizens in the past. Today, although there is still a hierarchy, the relationship has been like teacher and student. In the future, this will turn to be older and younger brothers or even friend and friend. Eventually, it will be complete teamwork with a collegial relationship (GO-29).

While embracing Western modernity through democracy (Harrington, 2005), government policy in higher education has increasingly been influenced by society's expectations. Several policymakers pointed to the downfall of democracy.

Our democracy has gone overboard. Public opinion has been too high in the past few years and it significantly affects government policy. The government needs to deal with their voices (GO-26).

The downside [of democracy] is that social forces sometimes turn to populism that people may not see things farther and wider (GO-24).

When discussing the relationship between the government and universities, a senior faculty dean raised financial dependence as a key binding factor. He further indicated the instability of government strategies and the complexity of Taiwan's political culture.

National universities depend substantially on government funding. Also, our educational policy is unstable and often ties to social responses and politics. Ultimately, it is all about gaining votes in an election; hence, we are not able to fulfill our own wishes in the long run (UB-11).

A senior official proclaimed how society perceives the role of the government. He elaborated on a close relationship between the state, universities, and society. Assuming accountabilities to the taxpayer, the state fulfills social expectations to oversee universities.

The government needs to manage universities because people think it is a national responsibility to the taxpayers. That is an expectation in a democratic society. Universities serve society and the government serves our people. Or else, why do they need the government? (GO-28)

In Taiwan, the nation-state's role in higher education ostensibly emphasizes an obligation to serve society's interests. The government's accountability is explicit in the interview with one senior government official.

Our Ministry of Education centrally approves the establishment of universities. In the US, this is not the case. By law, the Federal Government is not involved in this process. University-related affairs belong to the State Government. For us, things are centralized. If one university shuts down, who is responsible for the closure? Shall the Ministry of Education be involved? The answer is yes. In essence, there is no way for us to be as independent as the West. It's our government's accountability to society (GO-11).

The above quotes delineate Taiwan's unique relationship between the state and universities embedded in the Confucian-influenced society with a considerable degree of democracy.

A decentralized system with indigenized autonomy

As a result of the *University Act* amendment in 2013, universities have seemingly been given more autonomy in selecting their presidents. Several participants referred to this approved self-governance model as a major milestone demonstrating how the system has consistently been modified to embrace

Western academic values.

The President of University A, who was the first to be elected under this amendment, shared his experience:

> Things have changed. We all think that we should fully respect the university's search committee. Academics manage a university. We are the first one. However, in many aspects of our work, the Ministry of Education supports us but also manages us too much. In return, we also try to implement government plans. It is better now that a lot of things can be more permissible (UB-09).

His comment demonstrates distinctive dependency between universities and the state with harmony and paternalistic authority.

A mid-ranking official in Higher Education Department explained that institutional autonomy is an essential part of the *University Act*; thus, the government must comply with this act in governing the universities (GO-21). Nonetheless, some participants voiced their frustrations.

> Throughout various efforts that the government has repeatedly tried to decentralize the system since the 1994 reform, we are still under strict control. Our tuition fee cannot be raised and special programs cannot be offered unless the government approves them. What flexibility do we have after all? (UB-18)

> The *University Act* is there; it's just a matter of how we interpret it. The government cannot interfere with universities' management. We all know that. But when needed, the government would interpret the circumstance in a way that gives them an excuse to be involved anyway (GO-24).

Based on the *Constitution of the Republic of China* Article 162, 'All public and private educational and cultural institutions in the country shall, in accordance with the law, be subject to the state supervision' (Office of President, 2018). In a similar vein, *University Act* Article 1 states, 'Universities shall be guaranteed academic freedom and shall enjoy autonomy within the range of laws and regulations.' and Article 3 states, 'The competent authority of the Act shall be the Ministry of Education' (Ministry of Justice, 2018).

While institutional autonomy and academic freedom are legitimately assured, universities' corresponding actions are subject to government supervision as universities are commonly viewed as public agencies implementing government policies. One participant described that the powerful voices from society affect how academic freedom is defined in Taiwan.

> Here, academic freedom and institutional autonomy have been much localized. It is because society's opinions and demands pressure us. They expect that the Ministry of Education monitors universities to ensure overall stability and fairness in society. According to the *University Act*, when there are controversial issues, the Ministry of Education has the final supervisory power (GO-23).

An advisor of the Ministry of Education (GO-28) wished that this current micromanagement and control could be replaced by the practices with centripetal national goals and with a centrifugal implementation process.

Oversight mechanisms

Driven by the rising economic globalization coupled with the competition to secure places in the global university league tables, universities are subject to external assessment resulting in the growth of quality assurance mechanisms (Kezar & El-khawas, 2003). With a compulsory approach, HEEACT was commissioned by Taiwan's Ministry of Education (MOE) to conduct the first cycle of program accreditation of higher education institutions in 2006 (Hou et al., 2015). The Head of HEEACT observed such reliance:

> We try our best to achieve professionalism, independence, and internationalization. We are not under the MOE yet one-third of our Board of Trustees are assigned by the government and ninety-nine percent of our funding is from the government (GO-22).

With the governing body that is predominantly assigned by the state, some stakeholders were initially concerned with the potential compromise of academic freedom and institutional autonomy (Chen, 2008).

The emergence of a powerful civil society

The HEEEACT accreditation outcome was formerly used to evaluate universities' performance that subsequently affects funding allocation (GO-21, GO-23). Adopted from 2007 to 2016, under Article 8 of the *University Accreditation Laws and Regulations*, an accreditation outcome was employed by the Ministry of Education to justify the scale of funding for each university development, tuition fees adjustment and financial incentives (Liu, 2013). However, in response to public concerns, the regulations were re-stipulated that the accreditation result only serves as one of the basic indicators to demonstrate the development of university affairs[1] (Ministry of Education, 2019). This historical amendment was elaborated by a senior official:

> Previously, the government used the results to rate universities and to decide funding allocation. Hence, academic pressure derived from the HEEACT evaluation result was massive. Some would like to rush through the process. So, they faked their research or even bought it. It causes a lot of problems, *SSCI*, and *SCI*. Many professors could not stand it. Many scholars voiced the

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[1] The revision of Article 8 of the *University Accreditation Laws and Regulations* occurred in November 2016 after the amendment of Article 5 of the *University Act* in December 2015 stating that the accreditation result was deemed a reference for funding allocation (Ministry of Education, 2019).

contradiction between accreditation for improvement and evaluation for performance rating. Eventually, there was an amendment to the usage of accreditation results (GO-24).

The Head of HEEACT analyzed how national goals and strategies have been prioritized. In doing so, HEEACT would professionally amend its accreditation criteria to be consistent with the government's direction when there is a major change in government policies.

Each government has its promises to the people when they run their election campaigns. These are their beliefs and philosophy. Once they are elected, they will try to revise some policies. The policies driven by their philosophy may affect the main items of funding allocation. To comply with the government policies, HEEACT will modify our evaluation criteria. For example, given the focus on equity set by the current government, HEEACT has accordingly strengthened some evaluation criteria such as financial aids for underprivileged students, communication with stakeholders and stakeholder's engagement in university governance (GO-22).

The above excerpts illustrate how social responses and public concerns powerfully provoke the re-stipulation of government policies leading to constantly changing roles and relationships between the state and universities in Taiwan.

Funding mechanisms

The central government substantially supports and funds the development of Taiwan's higher education. In the fiscal year 2017, it allocated 12.2 percent (NTD 243.3 billion) of the total national budget to the Ministry of Education, in which 41.07 percent (NTD 99.9 billion) was exclusively designated for higher education development (Executive Yuan, 2017). This allocation ranks the second highest after the Department of Homeland Security (16.1 percent). Two officials of the Ministry of Education presented their views regarding the financial dependence of universities on the government.

It's a matter of financial dependence. If universities want full autonomy, they need to be financially independent and self-sustained (GO-26).

In practice, the Ministry of Education still owns the budgetary power. Well, if universities want to have the funding, they have to take it. They have to show us the evaluation outcomes. Indeed, because of this relationship, our institutional autonomy is quite different from that of the West (GO-21).

An experienced administrator who manages the funding granted by the Ministry of Education elaborated on the tedium of his tasks.

Once receiving the funding, everything goes by its functions. They [referred to the Ministry of Education] asked universities to clearly identify our own matrix. Very detailed and mostly quantified performance indicators. So, we give them the forecasted performance outcome with

detailed key performance indices. Many matrices, you know, ... blah, blah, blah…so many matrices. We need to fill them in every month, every week (UA-04).

The quotes above demonstrate how the government, in practice, holds universities accountable via tedious procedures while national premier universities rely heavily on state funding.

Multiple principals model with harmony and paternalistic authority

According to the *Constitution of the Republic of China* adopted since 1947, five governing powers of government comprise Executive Yuan, Legislative Yuan, Judicial Yuan, Examination Yuan, and Control Yuan. Under this constitution, the Legislative Yuan shall be the supreme legislative body on behalf of the people. The Legislative Yuan is equivalent to a parliament in other democracies (Legislative Yuan, 2019). Although the Ministry of Education is under the Executive Yuan, its proposed fiscal budget allocation is subject to review by the Legislative Yuan.

A former MOE official recalled his experiences in presenting and defending an annual budget proposed by the Higher Education Division in the parliament. The proposed budget was extensively and publicly scrutinized by legislators:

Our annual budget must be interrogated by the Legislative Yuan and approved by the Executive Yuan. This process is live on air, you know? Any legislator may ask me any detail and I need to defend. It is an intense process. I must be extremely clear about how to implement the plan. If I can convince them, they won't cut the proposed budget. Our legislators are public opinion representatives. They have been elected to serve the citizens. They are there on behalf of the citizens (GO-29).

Consistently, the legislator of the Education and Culture committee emphasized his role as a bridge between society and the government.

We mediate the interests of society. We are somewhat different from the Executive Yuan. We do not have our own budget but we are involved in approving the proposed budget. Sometimes, we have disagreements but we will communicate to reach our consensus. Simply put, we work with the Executive Yuan under the same constitution and law. We are under the same umbrella of government policies. Concurrently, we act as a voice of society (GO-31).

A senior official of the Ministry of Education marked that the interdependence of the system pushes the Ministry of Education to regulate universities.

Behind the Ministry of Education, the Legislative Yuan holds even larger power to review the budget. So, when the legislators are concerned with some educational policies, they will require the Ministry of Education to manage, supervise or even regulate universities. We have no choice but to monitor universities (GO-26).

A legislator who participated in the review process of the budget proposed by the Higher

Education Department of the Ministry of Education explained:

> I wish that we could set long-term goals such as 15 or 20 years goals and whichever party is a ruling party would follow the same direction. If so, we do not need to depend on short-term performance evaluations. Currently, the path of higher education development swings along with government policies. We have no choice but to employ quantifiable performance indicators to hold universities accountable and to ensure that the allocated budget is worth spending (GO-31).

Agency relationships of university-government in Taiwan appear to be in a multiple principals model (Spiller, 1990; Wilson, 1968). By design, the chain of representation in a parliamentary system (Tien & Cheng, 1997) can be illustrated as follows: legislators (i.e., Legislative Yuan) are agents of the citizens but are also a principal of the Ministry of Education which is under the Executive Yuan. The Ministry of Education is an agent of the legislators and the Executive Yuan, but also a principal of universities. Hence, the Ministry of Education holds dual roles as an agent of the legislators and the Executive Yuan as well as a principal of universities. Similarly, HEEACT is both an agent of the Ministry of Education and a principal of universities.

Discussion

This study adopts the classic framework of agency theory (Jensen & Meckling, 1976) to examine the government-higher education institution relationships. In this regard, the government is understood as a principal and universities are viewed as public agencies implementing the government policies, where a contractual relationship has been established. By imposing a cultural perspective, the four themes that emerged from data analysis are discussed below.

Taiwan's cultural blend

Taiwanese university governance is nested in its unique political culture. The system has culturally encountered a dilemma between control and autonomy. The society is struggling to come to terms with a deeply-rooted ancient culture of values and an imported Western influence (Yang, 2013). Although Taiwan is a non-Western society with a considerable degree of democracy compared to other East Asian counterparts (Cheng, 2017), its higher education system has been placed within those of the Confucian-influenced societies with a strong nation-state shaping structure, funding and priorities (Marginson, 2011). Given the multiple amendments of the *University Act*, universities have seemingly been afforded autonomy in their operations. However, the role of the state remains salient, resulting in a decentralized system with indigenous autonomy.

The coexistence among universities, the state, and society has uniquely emerged as a result of the interaction, integration and even tension between the Eastern and Western value orientations. Whereas

Western governance is based primarily on economic grounds (Neave, 2012), the state and universities in Confucian culture are placed in a mutually responsive and sustaining environment (Gardner, 2014). They are seemingly fused through a sense of accountability, which is far beyond purely economic binding. The society holds the government liable to manage universities. With the distinctive nature of political culture and governance (Yang, 2020), the Taiwanese government directs universities to fulfill its strategic plan through oversight mechanisms and funding schemes.

University autonomy can be conceived differently in Eastern and Western academia. The principle of autonomy has been regarded as a non-negotiable condition for upholding the institution's function in Western higher education systems (Neave, 2012). The comprehensive involvement of the state in defining the role, function, and performance of universities implies a trend towards the recentralization of university governance in Taiwan (Chan, 2010; Lin & Yang, 2021). Concurrently, social expectations significantly influence government policies and hence define how *autonomy* is interpreted in Taiwan's society. The notion of autonomy has been indigenized to accommodate social response and opinion in Taiwan's Confucian society.

Oversight mechanisms

Politically, HEEACT replicates an agency model with a strong state presence and reliance on the government (Hawkins et al., 2006). This accreditation agent was originally meant to be an extending hand of the government to oversee universities and draw their institutional accountability to fulfill the government's goals. Imposing pre-contractual behavior (*ex-ante*) mechanisms (Kivisto, 2005), universities were previously monitored and ranked prior to funding allocation (Chan, 2010; Hou et al., 2015; Liu, 2013). However, preempted by social responses and its national commitment, HEEACT has amended its role as a public platform that serves the needs of society. In association with the Ministry of Education (MOE), HEEACT holds an agent role acting on behalf of the principal while fulfilling its role to society with a certain level of autonomy in shirking. The findings have empirically illustrated how social impulse influences the principal-agent relationship and consequently reshapes its configuration in Taiwan. Social voices and expectations towards HEEACT's monitoring role have weakened the government's original intent.

The changing political culture has influenced the development of Taiwan's higher education governance. Since the lift of martial law in 1987, Taiwan's nation-state has made political strides from a transitional authoritarian regime to a democratic referendum. Bolstered by democratization (Lo, 2014), the emergence of a powerful civil society has uniquely become a platform for forming coalitions in the realm of education in Taiwan (Cheng, 2017). Consequently, in response to social impulses, the government occasionally amends policies to resolve society's concerns.

Funding mechanisms

Economically, the state provides large funding schemes and resources to support university development yet with complex performance indicators to retain universities' accountability to the government's strategic plan. Since the early 2000s, the Taiwanese government has applied performance-based monitoring strategies to make its universities concentrate on particular outcomes and financially reward them for performance in line with government goals (Chan, 2010). Competitive funds are used to lure universities into achieving national priorities (Chan & Yang, 2018). Reliant on public funding, universities encounter an *autonomy-accountability trade-off* (Newman et al., 2004). Supervisory power of the state holds universities accountable for performance while universities are encouraged to become more autonomous. Thus, the direction of Taiwan's higher education development is closely associated with government goals.

A multiple principals model has been identified in this study. Influenced by the inheritance of imperial control and the emulation of Western nations' three governmental branches, the *Constitution of the Republic of China*'s five Yuan was designed to share responsibilities and distribute the state's powers such that one branch's authority is interrelated with other branches. Such a multi-principal structure flourishes through and benefits from actors performing different yet complementary roles. The search for 'harmony and oneness' is instrumental so as to oppose any form of pluralism in the government body in Taiwan (Mengin, 2007). This is markedly contrasted to the Western political model with a clear division of power between executive, legislative, judicial and military (Marginson, 2020). With such a divide, these principals may act in contradictory ways resulting in bureaucratic actions (Worsham & Gatrell, 2005) and authority fragmentation (Spiller, 1990).

Varying in their socio-cultural fundamentals, Western and Eastern models of multiple principals cannot be interpreted along the same lines. When a university-government relationship is operated under this hierarchical and harmonious multi-principals structure as in Taiwan, the notion of institutional autonomy could be marginalized in exchange for the stability and fairness perceived by society and the government.

A hidden cultural force

A cultural force hidden in agency theory has been empirically unveiled in this study. Neglect of socio-cultural factors is a major reason for many to fail to capture the reality in their studies of higher education governance in Chinese societies including Taiwan (Lin & Yang, 2021; Yang, 2020).

First, the fundamental concept of bilateral and contractual relationships adopted in agency theory is seemingly insufficient to understand the complexity of higher education governance in Taiwan holistically. In other words, the existing premise of agency theory tends to disregard impulses from other stakeholders in the sphere of higher education (Kivisto & Zalysveska, 2015). According to the

western framework of agency theory, principals rely on agents to execute certain assigned tasks via economic or financial contracts. However, the empirical findings of this study have revealed the close relations among the state, universities, and society in Taiwan, rendering a significant impact on the government-university relationship beyond a contractual binding. On the one hand, there is a constant tension between the government's accountability to monitor universities via funding and oversight mechanisms and the universities' expectations to earn more institutional autonomy. On the other hand, social expectations, public concerns, or even populism have influenced the relationships and roles of universities and the government in Taiwan. These powerful socio-cultural forces may, at times, overshadow the legal obligations and bindings between the government and universities. Influenced by the Chinese way of thinking that is inward and confined almost exclusively to human relationships and behavior (Yang, 2011), individuals in Confucian societies are not a solitary body but a body with an existence in the group. In contrast to the Western political heritage that is based voluntarily on the separation between state, market and civil society (Marginson, 2020), the coalitions of universities, the state and society have significantly impacted policy development and implementation in Taiwanese political culture. They form a seamless connection (Huang, 2009) and live in an interrelated community where they faithfully perform their duties (Yang, 2020).

Second, the Western-held assumptions of self-interest and opportunism in maximizing one's economic utilities in agency theory are undermined by the imperatives of harmony, authority, and nationalistic commitment embedded in East Asian political culture (Chu & Chang, 2001; Lo, 1991; Yang, 2020). In Taiwan's context, both universities and the state are inclined to prioritize national welfare. Universities are expected by society to serve national needs first and directly (Lo, 1991; Chiang, 2004). Resting centrally on individualism and contractual relationships (Fukuyama, 1995), the government in Western democratic societies[2] represents society and exists to serve the interest of its citizens by the enforcement of law (Clark, 1995). Thus, the relationship is based fundamentally on an exchange agreement in terms of tasks, processes and outputs (Gornitza et al., 2004). Unlike Westerners who usually desire autonomy and individual identity, people in Confucian political culture often submit themselves to authority (Yang, 2020). Harmoniously, the government locates itself in an appropriate form of paternalistic authority (Pye, 1985). Such university-government dyads with a nationalistic view in which state interests are prioritized (Chu & Chang, 2001; Lo, 1991) contribute greatly to the unique landscape of Taiwanese higher education. A close alignment between universities and government with a high level of support and intervention is less likely in the West (Jaschik, 2011).

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[2] According to Weede (1990), the political culture in Western development is essentially characterized by three achievements: the rule of law, the institutional separation of economy and of science from government and religion, and democracy.

Conclusion

Higher education systems are embedded in their cultural sphere. Western theories of governance and autonomy in higher education cannot be uncritically applied to societies of highly different historical and cultural traditions. That said, a cultural perspective is much lacking in higher education studies, generally, and indeed very rare in the literature on governance. Recently, some have been bringing culture back to discussions. Although some researchers have tried to take culture into their studies, their consideration is restricted as most frameworks originate from the West.

Agency theory was developed fundamentally from the positivist approach of western societies assuming that, through economic binding with self-interested opportunism, the motives and actions of principals and agents could be postulated. Researchers attempt to explore bilateral and contractual relationships between the government and universities with limited attention to the socio-cultural context. Disregarding deeply rooted ideologies, historical legacies and cultural traditions that frame the relations between principals and agents (Enders et al., 2013), the existing agency theory inadequately explains social roles, social structure and behavior in which agencies partake. Social motives and behavior are the outcomes of self-reflection in the context of culture and practice. As Sahlins (2000) reminded us, culture shapes people's perceptions, motives, and actions.

This study has empirically illustrated how a cultural force hidden in agency theory influences higher education governance in Taiwan. A unique interdependent form of universities, state and society reflects Taiwan's social structure and its historical and cultural roots. The role of the state remains salient while social impulse has contributed to shaping the university-government relationship in Taiwan. Such a governance model could induce constant tension between autonomy, accountability and intervention. Taking different forms from that in the West, a state-university relationship in East Asia is culturally featured by mutual commitment, support, harmony and authority (Chan, 2008; Yang, 2020).

Theoretically, this study adopts agency theory and critically examines the changing governance practices on policy instruments, steering, and implementation. In general, agency theory is helpful to analyze power relations between universities and the government. However, the findings reconfirm the need to embody a cultural perspective into a widely-used and western-based principal-agent framework. Thus, this study sets an example and further theorizes an application of agency theory to understand the governance of higher education in East Asia.

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