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University Management in a Global Era

The London School of Economics and Political Science is one of the world's leading social science universities. Hitotsubashi University has developed a strong relationship with LSE over the years through programmes like the Hitotsubashi – LSE lecture series. The Director and President of LSE, Professor Craig Calhoun, travelled to Japan to be the guest speaker at our 2015 entrance ceremony. Hitotsubashi President Koichi Tadenuma seized this opportunity to talk with him about a subject close to their hearts – how to manage a university in a global era.

Craig Calhoun

Director, London School of Economics and Political Science

Balancing invisible and visible hands is important

Tadenuma: I would like to thank you for the excellent lecture you gave at our entrance ceremony. I was particularly fascinated by your concept of “knowledge as a public good.” Could you please explain again what this concept means?

Calhoun: Thank you very much. I distinguish the following three aspects of knowledge as a public good.

First, knowledge should be useful to society. People pursue knowledge because they have a pure desire to learn or for a variety of other reasons, but I think it is vital that we pursue new knowledge in order to help society.

The second aspect is that knowledge needs to be shared with others. Unlike scarce goods, knowledge is not lost when it is shared. There is no need to control and restrict it. The public benefits most when knowledge is shared widely.

And third, knowledge itself needs to be public. Making knowledge widely available will make it possible to receive criticisms from others or for new aspects to be added, and continue a process of evolving knowledge.

All three of these aspects are vital to evolve knowledge. Hitotsubashi and LSE have a responsibility to continue to

provide knowledge to society while engaging in all three of these dimensions.

Tadenuma: So knowledge as a public good needs to be useful to society, needs to be shared widely, and needs to be open. In my view, there are several classes or categories of knowledge ranging from knowledge as a public good to knowledge as a private good. In addition to the dimension of public good, there is also the dimension of using knowledge for private benefits.

I think knowledge in the social sciences can fall into several different categories. For instance, knowledge about auctions may be useful for the private interest of auctioneers, but the main purpose of the theory of auctions is to improve the efficiency of the market.

Social science institutions like LSE and Hitotsubashi focus on several different categories or classes of knowledge. For example, business schools seem to mainly teach knowledge as a private good. What do you think of this feature?

Calhoun: I think you are exactly right that knowledge comes in many different forms and is used for a variety of

interests. There is nothing wrong with knowledge being used for private benefit. What would worry me is if knowledge was only used for private benefit.

And to take your example of business, it seems to me that enlightened business serves not only the public ben-





Craig Calhoun

Professor Calhoun took up his post as Director of the London School of Economics and Political Science (LSE) in 2012. He studied social anthropology at the University of Manchester and received his doctorate in sociology and modern social and economic history from the University of Oxford. In the United States, he was President of the Social Science Research Council and taught at the University of North Carolina, Columbia University and New York University. His many publications combine academic theory from a wide range of disciplines with empirically-grounded research.



Koichi Tadenuma

Professor Tadenuma graduated with a B.A. in economics in 1982 from Hitotsubashi University. He earned a Ph.D. in economics from the University of Rochester in 1989 and was appointed lecturer in the Faculty of Economics at Hitotsubashi University in 1990. After assuming the positions of assistant professor in the Faculty of Economics in 1992, professor in the Graduate School of Economics in 2000, and dean of the latter from 2011 to 2013, he was appointed President of Hitotsubashi University in December 2014. Professor Tadenuma specializes in the theory of social choice, welfare economics, game theory, and public economics. His recent publications include *Shiwase no tame no keizaigaku: k_ritsu to kouhei no kangaekata* (Economics for people's happiness: The criteria of efficiency and equity. Tokyo: Iwanami Shoten, 2011).



Koichi Tadenuma

President, Hitotsubashi University

efit but also private benefit in many different ways. The owners of capital may make a profit on their investment. Workers may get a job. The consumers may seek goods that they use as private goods. But while business is motivated by these various private interests, it also works best when there is a social recognition or responsibility that the business should not be causing damage.

For example, products sometimes turn out to be hazardous. Businesses must strive to make high-quality products that are safe. It is also important to find risks and let consumers know. For example, if an automobile company finds a problem with a car it produced, it will recall the car in order to fix the problem and return it to consumers. This is an example in which there is a connection between knowledge for private benefit and knowledge for the public. We universities need to not only provide knowledge; we need to also teach about the responsibility to use knowledge in a way that also benefits the public.

Tadenuma: That reminds me of the invisible hand of Adam Smith.

Calhoun: Adam Smith is one of the thinkers I respect. I think today's society is influenced by both visible and invisible hands. In the modern world we have mechanisms where the invisible hand is maintaining the market economy. We also have legal mechanisms for filing lawsuits against defect products, and there are mechanisms in which the government regulates the market. Universities must present, in an intellectual manner, ways for managing these different mechanisms in a well-balanced manner. If we have too much regulation we destroy some of the benefits of markets, but if we have no rules and frameworks, the markets will collapse.

All practical problems are interdisciplinary

Tadenuma: Let me turn now to the policy of LSE, a world-leading university in the social sciences. You have insights on various fields in the social science disciplines. I gather that your organization and human resources are also diverse. I am interested in how you manage this diverse world and ensure interdisciplinary studies.

Calhoun: It's very challenging for me as well. It is not easy. I would love to say that we handle this with complete unity and harmony, but that's not the case. The best answer is open debate. For example, if the economists and the political scientists disagree, it is important that they have a discussion until they are both thoroughly convinced. Not recognizing the differences and isolating themselves – this must be avoided at all costs. By discussing with each other, they will begin to see the differences in views, the process that led to that opinion, and way of thinking. It is important to acknowledge the differences.

Interdisciplinary research activities do not mean that we depart from our disciplines and create something new. I urge professors to think of it as drawing links with other disciplines. It means highly cohesive research that encapsulates the wisdom of multiple disciplines. For starters, social science disciplines did not develop independently. They were created by influencing each other. For exam-



ple, sociology split off from economics at the beginning of the 20th century. And economics itself did not emerge from scratch.

It was born out of philosophical insight and political thought. The ideas of Adam Smith that were referred to earlier were also influenced by law and by other fields.

Tadenuma: That is true.

Calhoun: This is not limited to the social sciences. An example is genome research. For a long time computer science was outside the scope of interest of biology. But once the human genome was decoded by computers, biology began to attach importance to computer science.

The fact is that in order to solve today's practical problems, we need the knowhow of comprehensive and applied social sciences, because the problems of the world do not come organized into disciplines. We need interdisciplinary knowledge when we try to solve these problems. Economic problems are always closely interlinked with politics. Politicians propose economic policies and estab-



lish regulations that have an effect on the economy. Similarly, economic policies can affect which political party wins the election.

One of the reasons I'm here in Japan is because I want LSE to develop closer relationships with our Japanese colleagues, for example with Hitotsubashi. Why should I care? Because we want to have



a deeper understanding of Japan, which will have an important impact on the modern world. This is not just about understanding markets; one must also understand Japanese culture, Japanese society, and Japanese policies, and in particular, how Japan responds to the issue of an aging society. In addition, the world wants to see and learn how Japan is resolving the issues of population, health, economics, and sociology, among others. And in this regard too I think it's very important to be interdisciplinary.

University management promoting interdisciplinary research

Tadenuma: What do you tell those at the university for promoting interdisciplinary research? Some believe it is important that expertise is deepened in each research discipline. Amid such opinions, how do you manage independent faculties and research centers and forge cooperative relations? I think this involves a lot of hardships for directors.

Calhoun: Indeed. It is not easy, and there is no right

answer on which method is correct. And there is no scientific solution. In short, I believe directors are not in a position to solve all problems relating to interdisciplinary research. It is the professors and the students who solve these problems. Our role is to act as facilitators of these research activities. In the case of promoting interdisciplinary research, the important thing is making sure that two-way conversations are taking place, that the potential is there for learning, and that resources are shared. For example, behavioral research labs do experiments that are used by psychologists, economists, and management, and therefore properly creating these facilities is important.

Behavioral economics is a good example. Intellectual progress in economics depends on interdisciplinary connections, so at joint seminars and debates we need to encourage discussions that can facilitate the creation of new ideas.

Tadenuma: What do you think of other important roles of a university director?

Calhoun: The director is also responsible for securing funding for the university and protecting the university's important resources. For fundraising, the director must go to donors and solicit donations. The process includes discussions inside and outside the university. In discussions inside the university, what we want to research is articulated.



Outside the university, hearings are conducted to learn what kind of research people are willing to fund. And then we try to find the connection between the two. Sometimes we have to conduct internal adjustments in order to get the money from outside. If, for example, the funders are very interested in globalization and the university has not yet developed an approach to globalization, then the

director needs to talk with professors about how to meet their interest. And that's always delicate. I will propose what we have to do, but there will always be professors who say they cannot do that.

But it is important that the director does not compromise then and there; the director must be patient, and think together with professors how the ideas can be realized. If things are moving slowly, it is also important to show the budget and try to get things moving quicker. *[laughter]* In my experience this is something that is always a matter of compromise and stimulating things. The director may bring five ideas but the faculty only agrees to two of them. However, once they are agreed and things start moving, it produces the basis for research and ideas.

Tadenuma: I would like to work on that.

Calhoun: I'm afraid it won't be easy. *[laughter]*

Issues with university rankings and a university president's role

Tadenuma: In this day and age, university rankings have a significant impact on fundraising. Many university rankings depend on the number of publications or citations of those works in professional journals. Evaluations of this nature do not reflect the fact that the characteristics of disciplines and the quantity of standard outputs differ con-

siderably between the social science field and the science and engineering field or medicine. As a result, it seems there is the problem of social science universities not being evaluated properly. What do you think of this problem?

Calhoun: I wish we could forget about rankings, but we cannot. The rankings all have problems with methodology. None of them can perfectly evaluate a university. The value of a university should be measured based on different factors including number of publications, number of citations, funding, where graduates get jobs, and the university's reputation. But since there are some indicators for which it's hard to obtain data, the people who do the rankings will focus on the number of publications and citations for which it's relatively easy to get data.

These rankings influence students' choice of universities, and yet most of the students care more about where they can get a job after graduation, but universities are not ranked based on this standard. So they distort.

In regard to this problem, a director has a number of major roles. One of them, as I said, is to secure funding. Another is to raise the reputation of the university outside its walls. A third is to increase the quality of the university and conduct quality control to maintain it. And the fourth is innovation. A university must always be innovative.

In this way, it is not entirely different from what it would be for a business, for a company like Toyota, for example, or any other well-known company that has to worry about its reputation similar to the sales and the financial state of the company. Product defects can mean disaster for the company – they diminish reputation and they hurt sales. So quality control is vital. But if you only worry about quality and you forget about innovation, others will pass you by. The same goes for university management.

Tadenuma: I agree.

Calhoun: Going back to the topic of rankings, university rankings are influenced by the university's reputation. They are also influenced by the internal mechanism for ensuring quality and the relevant number of publications and citations. When LSE does performance reviews we look at every professor and every department to see how they are doing. We reinforce that. In particular, we focus on always being able to ensure quality. That means innovation tends to be forgotten a little. A university's reputation depends on innovation as much as quality. A great university needs people who are doing quality work as well as very creative people who are coming up with new, innovative ideas.

In my opinion, university rankings do not offer guidance for comparing universities based on correct indicators. Some rank LSE at the very top and some do not. Why the difference? In some rankings we are competing with universities that offer science, engineering, and medicine. Sometimes we are competing on the size of the university.

For example, in the QS ranking (QS World University Rankings) we do very well in social science. It places LSE second (2014, 2015) in the world in social science, behind only Harvard. But we drop down in the overall ranking because we don't have medicine, engineering, and so forth. But does that make us bad? No, it does not. We do very well in the fields in which we focus. But of course you

don't come to LSE to study medicine. It is the same with Hitotsubashi University. Hitotsubashi is one of the best in Japan in its fields, but people do not come to study engineering or medicine. Rankings are unreliable. What is important is quality.

Tadenuma: Yes. Exactly.

Calhoun: Rankings only measure innovation at universities indirectly. Many measure innovation through the reputation of universities. LSE has a very strong reputation, 22nd in the world. We would like to be in the Top 10, but the Top 25 is not bad. We earn a lot of that reputation from a small percentage of our faculty members who do creative work, and so a question for us is how to recognize and facilitate this kind of work and change the way we think. We talked before about economists like Adam Smith and John Maynard Keynes and George Akerlof. They didn't just leave famous publications – they changed how people think. And I believe a university president has a responsibility to find value in the fact that new ideas at the university are influencing colleagues and the broader society.

Tadenuma: It's not easy to do, but we should strive to do it.

Atracting professors and students

Calhoun: This is the kind of system we need to develop, but it does not work perfectly. At LSE my colleagues have a tendency to hire professors who are already accomplished and is famous. But I believe younger people should be hired instead. Some of them have exceptional potential. Is 25 the suitable age or 30 the suitable age? That I do not know. At any event, why not hire the best young researchers who are really well trained. They have the potential to bring new ideas, and lead the university to prosperity. Of course the university has to invest in those young people and improve the environment to enable them to achieve success. Instead of hiring a 55-year-old famous scholar, hire 30-year-old young researchers and give them a chance. This will provide universities with a lot of potential.

Tadenuma: LSE has been very successful in recruiting both outstanding researchers and students. Can you provide any advice?

Calhoun: In this I have to say that I am only building on my predecessors, because our reputation has been very strong for a long time. What we can do is to maintain that reputation and build upon it. LSE has maintained its reputation as a leading university for more than 100 years. During this time, it has maintained the quality of its research and has been innovative in the social sciences. That has attracted many people, and that certainly helps in recruiting. But there's more than that. And though it may be sad to say, money matters.

Tadenuma: That is true.

Calhoun: Money always plays a significant role. If you are not securing the finances, it's very hard to recruit good talents, for both professors and students. So one of my important roles is to make sure that we have the budget



to do this. And I don't just mean for offering high salaries. Of course London is one of the expensive places to live in the world and faculty members do ask for higher salaries to pay for their high living expenses. But I consider it vital that we also support their research and the PhD students they work with. If their colleagues are not very good, they don't have a good research environment, or they don't have much time for research, then they will soon go somewhere else.

So it is always partly a financial question, but only partly, because for both faculty and students it's a little bit like joining a club. Students are stimulated by studying with other top students and begin to take pride in being affiliated with the university. And in the case of LSE, our student body is extremely diverse. Outstanding students come from 160 countries all over the world. They are coming to LSE in pursuit of global education.

That same global feature is very exciting for professors as well. Similarly, it is exciting to have top colleagues with whom they can carry out research. For example, in economics, there's a lot of shared research and a lot of co-authorship. It helps professors to have colleagues.

The LSE education system: Features and issues

Tadenuma: What about education? What are the features of the LSE's education system?

Calhoun: At the undergraduate level LSE adopts a typical British university system. It is designed so that in three years students can acquire highly specialized knowledge in a structured manner. Unlike a US-style liberal arts system where you study many different subjects over four years, students receive highly specialized education in three years. In general, in the UK, the studies are highly focused on the areas of specialty. The economics graduates have a lot of economics, the geography graduates have a lot of geography, and so on. And this is very good.

The weak point of the system is it's not very flexible. If students ask us for more options or flexibility, we have to add flexibility while maintaining the quality of the specialized degree.

We are thinking of experimenting with four-year degrees because students are beginning to request doing study abroad programs. In a three-year degree there is no time for a student to go abroad, and so we are considering introducing four-year degrees. So that's an innovation.

Post-graduate, we have been very successful with a wide range of master's degrees, but we continue to look at the market because it's a very competitive one. Our system has traditionally offered very specialized degrees, but we've seen increasing demands for more general degrees. The public affairs discipline, for example, has become more and more popular. So we need to always keep looking at the market and give consideration to these aspects.

Tadenuma: That's important

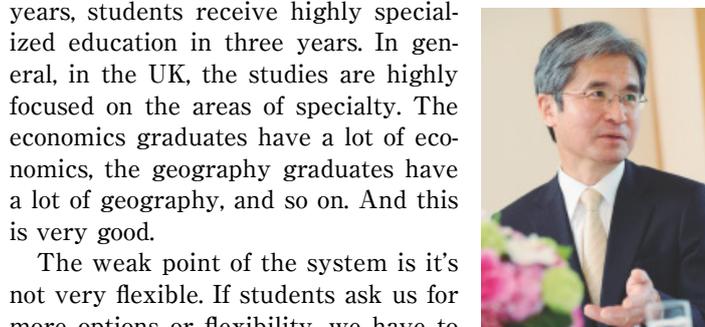
Calhoun: The thing that we in the administration worry about is we want to make sure the faculty value their teaching as much as their research. The challenge is to

make sure the professors are motivated to spend time helping and training their students, even helping their students learn very basic things, as they work on their own research. So we need to be creative in doing performance reviews to achieve that balance.

And teaching methods are changing. Traditional lectures that involve minimum discussion are declining a bit. Students want active dialogue-style discussions. Even the physical classroom is changing. In previous classrooms, the faculty member stands at the front, and students listen to the lecture sitting in chairs set up in rows and attached to the floor. The faculty member answers questions that students ask during the lecture. But much more popular today are the convertible classrooms. The chairs are moveable, the desks are arranged in a U-shape, and the students see each other as they talk. The faculty doesn't just give a lecture; the faculty facilitates discussion among the students. We find that if we adopt this style, it in effect leads to the students learning more.

The role of Hitotsubashi's seminar system in community-building

Tadenuma: After listening to you, I think LSE and Hitotsubashi have similar education systems. We also have a highly specialized and highly structured curriculum in economics, business, law, and sociology. It is a little different from the U.S. liberal arts system. Our undergraduate students will possess highly specialized knowledge by the time they graduate. We have a four-year system, but an outstanding student can satisfy most of the graduation requirements in three years. In that sense, too, our systems are close. So please send your students to Hitotsubashi. [laughter]



Calhoun: That's interesting. I will let them know. I will tell them that in Japan there is a university very much like LSE called Hitotsubashi. [laughter]

Tadenuma: Hitotsubashi also has seminars, a practice which originated in the German education system. Each seminar is a very small class with about ten people. It's entirely different from a lecture class. Discussions take place based on the presentations made by the students, while the faculty member just leads the overall discussion.

Calhoun: I like very much this kind of teaching style. I'm sure the students will also like it very much.

Tadenuma: Our seminars are not just classes; they also build personal connections. Ties between students as well as strong ties between students and faculty members are cultivated through the seminar system. These relationships sometime continue over their lifetime.

Calhoun: I think that is one of the really distinctive features of Hitotsubashi, that it creates a community in which there is strong solidarity among students. It's a little bit like the idea in Adam Smith's *Moral Sentiments*. [laughter]

Tadenuma: Even in our alumni association, the feeling of connection among the members is very strong.

Calhoun: It seems in many ways we need to emulate Hitotsubashi. LSE does not have a tradition of building an alumni society. Students go on to have distinctive experiences, but we have no way of knowing this. In many cases, the alumni are scattered all over the world. It is quite difficult to make contact with these alumni. But we need to make an effort. We would like Hitotsubashi to teach us how to build a community of alumni.

Tadenuma: The more I know about the LSE education system, the more I am keen to further expand cooperation between LSE and Hitotsubashi University. We have already started LSE and Hitotsubashi lecture series, an academic exchange, as well as small-scale educational exchanges. I'd like to further expand them, especially student exchanges, because we have the advantage of having similar education systems.

The potential for further exchanges between Hitotsubashi University and LSE

Tadenuma: What we need to do first is check the quality of each other's education systems and to standardize the levels of classes and lectures. Once this is done, all we need to do is launch the programs.

Calhoun: Right. I welcome your idea. We should have further discussions and deepen exchanges to promote more collaboration between our two universities. It would be wonderful if, through things like the lecture series, the professors of LSE and Hitotsubashi can deepen their exchanges, build trusting relationships with each other, and extend this to student exchanges. It is important to build relationships so that faculty members feel confident sending their students on the exchange.

My colleague Janet Hunter came to me with praise about Hitotsubashi. I think it is necessary for professors to visit each other's campuses and build even better relationships. In the end it is the faculty that are sending the students, so it is crucial that there is trust between the faculty.

Tadenuma: Yes. If you start a four-year undergraduate program, please consider Hitotsubashi University as a close partner.

Calhoun: For a one-year study abroad program?

Tadenuma: Yes.

Calhoun: This is great. We are pleased to have been able to have this discussion with Hitotsubashi. I know my colleagues will agree.

Tadenuma: Many Hitotsubashi students are eager to study at LSE. It would be an invaluable experience for them.

Calhoun: I'm glad to hear you say that. In fact we already have a few Hitotsubashi graduates each year who do a master's degree at LSE, and I think they have a positive experience. We are pleased to be developing this kind of relationship. I expect that post-graduate degrees including



a master's will become more and more important for many jobs and careers. We would be happy if Hitotsubashi graduates choose LSE as a place to get a master's degree.

Tadenuma: As for research, in 2014, we launched an institute called the Hitotsubashi Institute for Advanced Study that conducts advanced research. It's a very flexible center of research. We welcome short-term researchers, from a few months to one year.

Calhoun: That is wonderful.

Tadenuma: We would like to sincerely welcome researchers from LSE.

Calhoun: Thank you very much. We were just thinking that we wanted to enhance our research that looks at the recent Japanese experience.

Tadenuma: We have very good data about the Japanese economy. Our Institute of Economic Research collects and maintains long-term economic statistics, from the Meiji era to the modern economy.

Calhoun: That is very interesting.

Tadenuma: I think it would be of great interest to your researchers.

Calhoun: Both because it's about Japan and due to the fact that, in general, there is such a shortage of longitudinal data, it is an extremely valuable resource for researchers. Long price series and things like that are very valuable data.

Tadenuma: Japanese history is very interesting. In the Meiji era, Western technology entered Japan, and our economy developed quite fast. But during World War II things collapsed, and afterward we had a new political and economic system. The Japanese economy has seen several big changes, and it is interesting to look at them over the long term.

Calhoun: As you say, long term data is very interesting. But the short term is interesting as well. The changes in the world over the last couple of years cannot be overlooked.

Tadenuma: Yes. Let's look at them carefully. *[laughter]*

Calhoun: Let's hope the result is good. Today, the world is interdependent, and so we hope Japanese growth will have ripple effects on world growth.

Tadenuma: We hope the same. Thank you very much for being with us today.

Calhoun: Thank you very much.