

# RESEARCH ON DECISION OPTIMIZATION IN CHINESE UNIVERSITIES FROM THE PERSPECTIVE OF NEW INSTITUTIONALISM

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With the deepening of governance modernization in the field of higher education, the optimization of decision-making in universities has faced challenges from both internal and external aspects of the organization. Based on the theory of new institutionalism, we construct an analytical framework of «organization history rationality». From the perspectives of individual micro, institutional meso, and cultural macro, we explore that the main challenges faced by university decision-making are cultural consensus constraints, path dependence of institutional change, and limited rationality of individual choices. Therefore, the active construction of decision-making in Chinese universities should innovate the cultural environment and break cultural consensus; Innovate institutional design and break inertia dependence; Coordinate the interests of all parties and promote efforts to break bounded rationality.

**Keywords:** *new institutionalism, university, decision-making optimizing, the decision-making, environment of university power system.*

## *Introduction*

Higher education is a crucial part of the «trinity» strategy of building a strong education country, a strong technology country, and a strong talent country, as well as a strategic force to achieve the important task of «four orientations». The modernization of university governance is an important part of Chinese path to modernization and an inevitable requirement to promote the modernization of national governance system and governance capability. The report of the «Twentieth National Congress of the Communist Party of China» pointed out the grand goal of building an educational power by 2035. In the current new era of building an educational power, giving play to the «leading» role of higher education in the process of building an educational power has become an integral part of Chinese path to modernization.

University decision-making is the process in which university managers formulate and select decision-making plans based on the strategic goals and development needs of the university, and promote the development of the university through decision-making implementation, including decisions on arranging teaching, organizing scientific research, teacher training, social services, cultural heritage, and other university responsibilities [1]. The decision-making of universities determines their own educational direction and training objectives, and directly or indirectly affects students through various policies, campus culture, and learning atmosphere. University decision-making is the core link of university governance and an important way to ensure the public and legitimacy of higher education. The scientific and legal decision-making of universities is an important part of their reform and development, as well as a fundamental requirement for promoting high-quality development of higher education. In the «Implementation Outline for Comprehensively Promoting the Rule of Law in Schools» and

«Implementation Outline for Rule of Law in Education (2016–2020)» issued by the Ministry of Education, it is explicitly required to vigorously promote the scientific, democratic, and legal decision-making of schools. This is a key measure to enhance the governance capacity of schools, a prerequisite for the healthy development of schools, and a basic path and inevitable requirement for governing schools according to law and establishing modern school systems. The development of universities should enhance their decision-making level within the framework of external conditions such as national policies, social needs, and public expectations. Modern university decision-making includes a complete decision-making system, which requires a set of institutional systems that conform to the laws of university education, as well as high-level decision-making abilities, and also covers the scientific decision-making process in governance activities.

#### *New Institutional Analysis Framework*

##### *1. The meaning of optimizing university decision-making*

Decision optimization is not only a universal pursuit of organizational management, but also an important goal of university governance. Zhou Xueguang believes that organizational decision-making has very distinct characteristics compared to individual decision-making: firstly, it is a process of interaction between multiple people; Secondly, it operates within a stable organizational structure and system. University decision-making has the characteristics of organizational decision-making, as well as its particularity. As a place for researching advanced knowledge, universities have three types of decision-making: political decision-making, administrative decision-making, and academic decision-making. The role of teachers and students in governance and decision-making should be fully utilized to enhance the status of academic decision-making [2]. The decision-making of universities will have a profound impact on the future of the country. Currently, China is in a «unprecedented great change», which brings unprecedented risks and challenges to university governance. Higher education has long stepped out of the ivory tower and deeply participated in all aspects of social life, making the future development environment of higher education even more complex. Therefore, universities need to balance the forces of the government, the market, and universities, making the demand for decision-making optimization more urgent.

The optimization of university decision-making is to achieve scientific, democratic, and legal decision-making in universities. Scientification of decision-making goes beyond traditional experiential decision-making, pursuing the scientific nature of decision-making procedures and means, as well as the effectiveness of decision-making plans. The democratization of decision-making is the rejection of arbitrary power and the will of superiors. Decision making requires the participation and wisdom of stakeholders in order to ultimately represent their interests. The legalization of decision-making opposes impulsive and reckless decision-making practices, making decision-making procedures and

means in line with the concept of the rule of law. University decision-makers must strictly accept legal supervision. In short, the entire process of university governance is a synthesis of a series of decision-making processes, and decision-making activities must be solidified in the form of systems, achieving university governance through scientific and efficient systems.

## *2. The analytical framework of new institutionalism*

New institutionalism is a theoretical school of contemporary economics that focuses on analyzing the role and practical significance of institutions in explaining real-life problems. This theory is well-known for its representative figures, Ronald H. Coase and Douglas C. North, who have successively won the Nobel Prize in Economics. In the 1990s, scholars constructed a new analytical framework based on various schools of thought and gradually constructed a comprehensive study of institutions. The new institutionalism abandons the emphasis on speculation and supervisory judgment in early institutional research in academia, and focuses on revealing the logical relationship between institutions, behavior, and decision-making, allowing practitioners to fully recognize the core position of decision-making in university governance. New institutionalism mainly includes three schools of thought, namely rational choice institutionalism, organizational institutionalism, and historical institutionalism [3]. There are significant differences in the theoretical perspectives, assumptions, and analytical paths of these three schools of thought.

Rational choice institutionalism adheres to the human nature assumption of «rational humans», emphasizes economic concepts such as cost and efficiency, and believes that the reason for the emergence of new systems is that people believe that new systems have advantages in efficiency compared to old systems. Under the framework of rational choice institutionalism analysis, people pursue the basic goal of «maximizing benefits» in their actions under the system. According to the ideology of rational choice institutionalism, the optimization of university decision-making can be ensured through rational institutional design. Our country has designed multiple institutional safeguards for scientific decision-making in universities, such as the president's responsibility system, party government joint meetings, and other highly rational institutional designs and corresponding implementation procedures.

Organizational institutionalism places people within an organization in the cultural environment of the entire society to examine, thus this theory has a dual attribute of cultural and social, and is also known as sociological institutionalism. The most prominent feature of organizational institutionalism is the introduction of the concept of «culture» into the analysis of institutional change, believing that the legitimacy of institutions is based on cultural environment, and only by adapting to a certain cultural environment can institutions exist. In the view of organizational institutionalists, individual behavior within a system is influenced by both institutional and cultural factors.

Institutions must demonstrate their legitimacy in specific cultural

backgrounds and organizational contexts in order to be implemented and enforced. In universities, culture, tradition, and social expectations always influence the establishment of institutions, which in turn affects the entire decision-making process of universities.

Historical institutionalism examines institutions within history, believing that the emergence and development of institutions have a certain process. The decision-making system of universities should also be examined in specific historical contexts, which helps to trace the development process of university decision-making systems and explore their occurrence, evolution, and internal logic. Historical institutionalists believe that the power of stakeholders in the system is unequal, which has a huge impact on institutional arrangements and benefit distribution, and institutional formulation also exhibits path dependence. In Paul Pierson's view, the biggest reason for path dependence is the increasing returns of the old system, which leads to the traditional belief that interest groups will vigorously maintain the operation of the old system, resulting in a huge cost of switching between new and old systems. Under the influence of path dependence, the crux of university decision-making lies in university decision-makers making decisions according to the requirements of higher authorities, the personal wishes of leaders, and their personal experiences.

The optimization of university decision-making, as a key link in achieving modernization of governance in universities, involves multiple interests. Therefore, it is necessary to analyze the problems faced by university decision-making from a holistic perspective and discuss optimization paths. This study attempts to integrate three schools of new institutionalism and establish an analytical framework for this study: adopting the rational person perspective upheld by rational institutionalism, analyzing the contribution of limited rationality of various stakeholders to the optimization of university decision-making from a micro level; Adopting the cultural and psychological environment that conforms to institutional operation in organizational institutionalism, and studying the cultural foundation faced in optimizing decision-making in universities; Adopting the concept of path dependence in historical institutionalism to analyze the institutional behavioral inertia faced by university decision-making optimization, in order to explain the historical constraints of university decision-making optimization. In summary, this study attempts to provide a strong analytical framework for exploring the existing difficulties in university decision-making through macro and micro, historical and practical perspectives.

#### *Analysis of the current decision-making difficulties in Chinese universities*

##### *1. Rationality: Lack of broad participation mechanisms*

Rational institutionalism believes that human behavior has a certain pattern, and the preference for behavior is to achieve maximum benefits. Under a certain system, certain interest preferences will gradually form small circles and other interest groups within it. These people, from a rational perspective, will do their

best to maintain the parts of the system that are in line with their own interests. As a typical stakeholder organization, teachers, administrative personnel, students and other stakeholders within universities must be fully recognized. Therefore, we can believe that the essence of optimizing university decision-making is to balance the distribution of interests among these relevant stakeholders. Under the traditional higher education management system, the government, as the organizer of universities and also the largest owner of resources, adopts an administrative management model for resource control by government departments, which gives the government greater discourse power [4].

At the same time, within universities, administrative and academic personnel also have different rational judgments. As an extension of the government and education administration within universities, administrative personnel rely on the government to control the allocation of resources within the university and possess the ability to manage them. Therefore, in the actual decision-making process, decision-making power must rely on the administrative hierarchy system. The de administrative implementation of teaching and learning will inevitably weaken the power of administrative personnel and return some of the power to groups such as teachers. Another group that needs special attention in reality is ordinary lecturers without positions or titles, who are «vulnerable groups» involved in governance. How to enable this group to participate appropriately in core decision-making within the school is a governance challenge faced by universities. It is worth noting that decision optimization involves more decision-making processes rather than specific transaction management processes. The former is reflected in the ways and mechanisms of different subjects intervening or interacting in the decision-making process, while the latter strictly follows existing rules and procedures to implement policies.

## *2. Culture: a soil lacking scientific decision-making*

Organizational institutionalism tends to define the meaning of institutions from a broad perspective, believing that institutions not only include formal rules, procedures, norms, but also symbolic systems, cognitive patterns, and moral templates that provide a framework for human action. For a long period of time since the establishment of the People's Republic of China, universities were regarded as subsidiaries of the government, and therefore university decision-making was based on instructions from government regulatory departments, lacking autonomy and flexibility. The decision-making level of universities also depends on the decision-making ability of different decision-makers, namely the personal ability, experience, and knowledge level of leaders. Therefore, we can say that the biggest characteristic of traditional university decision-making is that universities make decisions based on the experience of decision-makers, instructions from superiors, and their own good wishes. This decision-making approach inevitably reduces decision-making efficiency and may even lead to ineffective decisions. Modern society has entered the era of big data, and the explosion of data and the emergence of diverse values have posed challenges to

traditional decision-making methods in universities. Big data has a strong driving force for improving the transparency, optimization, and sharing of information in universities. The governance of universities in the era of big data is based on the «big data» obtained through data accumulation, collection, and organization.

Universities are organizations with a heavy bottom, which means that departments are important governance and decision-making bodies in modern universities. This is because disciplines and majors are within departments, teaching and research are within departments, and teachers and students are within departments. A large number of issues require departments to make decisions based on their own disciplinary characteristics, personnel structure, and status.

The prominent feature of modern university governance is to balance administrative power through academic power, in order to defend the ideals of the university and make it always a place for knowledge transmission and innovation. Currently, the decision-making model dominated by administrative power in universities has seriously hindered the development of higher education. The phenomenon of excessive administration and bureaucracy in universities has attracted widespread attention from all sectors of society. In reality, in the process of the game between academic power, administrative power, and political power, administrative power expands and exceeds academic power, and the problem of administrative power generalization is serious. In university decision-making, when facing academic decisions, especially problems that are difficult for individual or minority individuals to solve, it is necessary to change the way of thinking, from controlled thinking to coordinated thinking, and from one-way thinking to cooperative thinking.

### *3. History: Lack of Scientific Institutional Design*

New institutionalism requires tracing the historical evolution of decision-making mechanisms in universities, understanding how past decisions shape current institutional arrangements, and describing the potential impact of historical paths on current and future decisions. The significance of new institutionalism for decision-making optimization is significant, and an important path for university decision-making optimization is to improve the principal responsibility system under the leadership of the Party committee. The principal responsibility system under the leadership of the Party committee is a decision-making model of collective discussion and individual decision-making. Based on democratic consultation and collective thinking, the decision-making power is exercised through the principal's office meeting or school affairs meeting, providing strong institutional guarantees for the democratization, scientificization, and legalization of decision-making.

Due to the increasing size of organizations, the complexity of social activities, and the fierce competition, the social impact of management decisions is becoming more and more significant. In modern universities, a huge administrative system has gradually formed, and administrative organizations have gained legal status. The school party committee (standing committee),

president's office, academic committee, faculty representative assembly, and student representative assembly mainly exercise political power, administrative power, academic power, and democratic power, respectively. Due to the diversity of power subjects, the rights and responsibilities of these power subjects are still not clear enough. At present, the non institutionalized operation of power in universities still exists, and some power is still not confined to the cage of the system, and there is no corresponding institutional guarantee for the operation of power.

The problem of the expansion and generalization of administrative power in the governance of public universities has led to a moderate diversion of power in universities. According to the different decision-making affairs, it is mainly divided into two basic types: administrative decision-making power and academic decision-making power, thereby highlighting academic power to a certain extent. Correspondingly, administrative management decisions are exercised by the principal and relevant functional departments, while academic management decisions are exercised by the academic committee. In the process of implementing the National Medium - and Long Term Education Reform and Development Plan (2010-2020), the academic power of universities has gradually been extended and expanded, and the decision-making power of academic affairs such as teaching reform, professional settings, education and teaching development planning, and scientific research development planning has gradually been incorporated into its scope.

The current Higher Education Law, Regulations of the CPC on the Work of Grass roots Organizations in Ordinary Institutions of Higher Learning and other provisions on the responsibilities of the party committee and the president do not clearly define the requirements for the interconnection between the party committee and the president, and the implementation of legal, democratic and scientific decision-making; There is also no connection between the Party Committee and the President as an organic whole, that is, the responsibilities of the Party Committee do not involve the content of the President or the President's office meetings, and the responsibilities of the President do not mention the content of the Party Committee or the Standing Committee. Only a general provision is made for the Party Committee to unify the leadership of the school's work, play a leading core role, and support the President to independently and responsibly carry out work in accordance with the law. This principle formulation makes it difficult for university decision-makers to accurately understand and operate. In 2014, the Central Office of the Communist Party of China issued the «Implementation Opinions on Adhering to and Improving the President Responsibility System under the Leadership of the Party Committee in Ordinary Higher Education Institutions», which for the first time clarified the improvement of the Party Committee and administrative decision-making system. The President's Office Meeting or School Affairs Meeting is the administrative decision-making mechanism of the school, mainly studying and proposing

important matters and plans to be discussed and decided by the Party Committee, specifically deploying relevant measures to implement the Party Committee's resolutions, studying and handling teaching, scientific research Administrative management work. The Party Committee meetings and the President's Office meetings (school affairs meetings) should adhere to scientific decision-making, democratic decision-making, and decision-making in accordance with the law, to prevent individuals or a few from being arbitrary, indecisive, and indecisive. This implementation opinion points out that important matters and plans discussed and decided by the Party Committee still adhere to the principle of favoring unity. This is due to the lack of clear regulations on how to unify the connection between the Party Committee and the President's Office, as well as clear provisions on decision-making in accordance with the law, democratic decision-making, and scientific decision-making, resulting in different effects in the understanding and operation of the school's decision-making mechanism.

The principal-agent theory holds that if both parties, one of whom represents the interests of the principal, exercise certain decision-making powers, the agency relationship arises accordingly. Compared with academic power, the administrative power of colleges and universities is in a strong position. At the same time, colleges and universities are relatively far away from the superior competent departments, «the mountains are high and the emperor is far away». As a result, leaders lack the concept of power restriction and are accustomed to «I am the boss!».

### *The Implementation Path of Decision Optimization in Universities*

#### *1. Breaking individual rational calculations and actively mobilizing relevant stakeholders to participate*

Effective governance of an organization inevitably requires a reasonable division of decision-making power and ensuring coordinated decision-making among all parties. As a stakeholder organization, it is objectively inevitable for universities to improve the structure of decision-making bodies and achieve a transformation from singularity to diversification. Therefore, it is necessary to maintain a moderate degree of openness in decision-making power under the leadership of the Party Committee and the president's responsibility system. With the deepening of the reform of the higher education system, it is necessary to reasonably allocate power according to different natures, improve the responsibilities of decision-making institutions, clarify the scope of powers and decision-making rules of the university Party Committee, the president's office, and the academic committee in accordance with the law, and ensure the independence and effectiveness of the exercise of powers. In addition, it is necessary to improve the collective decision-making model in the exercise of power.

For the decision-making process of universities, although top-down mandatory authority can ensure the orderly progress of university decision-making, the orderly governance process is also constrained by bounded rationality.



In the decision-making process of universities, every type of stakeholder hopes to receive attention and recognition for their interests. In the decision-making process of universities, or due to the strong influence of the government and universities, or because stakeholders such as university teachers and students often do not receive effective attention to their interests, their initiative to participate in decision-making can be dampened. Universities must strive to build smooth channels for expressing public interests and achieve active participation from multiple parties. We should actively involve stakeholders such as teachers, students, and administrative personnel to jointly address the issues of fairness and efficiency in university decision-making, coordinate the demands of different stakeholders, internalize the consensus of different stakeholders into the common value pursuit of university decision-making, and enhance the recognition of various stakeholders in university decision-making [5]. Placing the preferences of various participating entities such as university leaders, administrative and academic personnel in the decision-making system of universities, forming a common balance of interests among the intertwined interests of each participating entity, reaching consensus on interests, and improving the supervision system of universities, strengthening information disclosure, making the participation of all parties transparent, and providing guarantees for the active participation of all stakeholders. All matters related to strategic planning, campus infrastructure, major cooperation projects, and major teaching and management reforms that have a significant impact or are closely related to the interests of teachers and students should be widely and deeply listened to, and the school's legal department should be organized to conduct a legitimacy demonstration. Only after the demonstration report is formed can it be submitted to the decision-making body for discussion and decision.

## *2. Establishing the concept of evidence-based governance and scientific decision-making*

New institutionalism points out that institutions include three major elements: regulatory, normative, and cultural cognition. Therefore, the legitimacy of the system must be consistent with the cultural and cognitive consensus of existing organizations. Building cultural consensus is the construction of implicit group value orientations and value judgments influenced by traditional culture. The effectiveness of a national university system largely depends on its organic integration with local culture. The optimization of decision-making in universities must focus on cultural construction, create corresponding organizational culture, focus on common goals, and achieve common development through joint creation. Therefore, optimizing university decision-making must be traced back to the deep level of group cultural consensus.

In reality, decision-making in Chinese universities is deeply influenced by the traditional hierarchical cultural system. To overcome the current difficulties faced by university decision-making, corresponding conceptual innovations must be carried out. Promote the change of group consensus through conceptual

innovation, deepen the rational decision-making concept into group consensus, and stimulate the active participation of all stakeholders. Advocating evidence-based governance concepts is beneficial for enhancing the scientific, democratic, and effective decision-making process, maintaining academic freedom, enhancing the power of academic groups in university decision-making, and eliminating the influence of subjective experience, executive will, and other irrational factors on the decision-making process. Establish a problem feedback system with smooth channels and timely response, so that universities can receive timely assistance and feedback on problems encountered in the decision-making process, so that all parties can negotiate and handle smoothly, ensuring the smooth progress of work, and encouraging all governance entities to dare to govern. Reshaping academic spirit, returning university governance to its academic essence, and creating a cultural environment where the operation process from decision-making to execution can be guaranteed by academic spirit and based on evidence rationality.

### *3. Breaking historical inertia dependence and innovating institutional design*

The decision-making mechanism of universities should be based on the premise of adhering to the unified leadership of the Party Committee, the division of labor and cooperation between the Party and the government, and coordinated operation, including the Party Committee's decision-making, administrative decision-making, and academic decision-making. Among them, the Party Committee's decision-making is the highest decision of the school, and administrative decision-making and academic decision-making should be subject to and serve the Party Committee's decision-making. The current Higher Education Law, Regulations of the CPC on the Work of Grass roots Organizations in Ordinary Institutions of Higher Learning and other provisions on the responsibilities of the party committee and the president do not clearly define the requirements for the interconnection between the party committee and the president, and the implementation of legal, democratic and scientific decision-making; There is also no connection between the Party Committee and the President as an organic whole, that is, the responsibilities of the Party Committee do not involve the content of the President or the President's office meetings, and the responsibilities of the President do not mention the content of the Party Committee or the Standing Committee. Only a general provision is made for the Party Committee to unify the leadership of the school's work, play a leading core role, and support the President to independently and responsibly carry out work in accordance with the law. This principle formulation makes it difficult for university decision-makers to accurately understand and operate. In 2014, the Central Office of the Communist Party of China issued the «Implementation Opinions on Adhering to and Improving the President Responsibility System under the Leadership of the Party Committee in Ordinary Higher Education Institutions», which for the first time clarified the improvement of the Party Committee and administrative decision-making system. The President's Office

Meeting or School Affairs Meeting is the administrative decision-making mechanism of the school, mainly studying and proposing important matters and plans to be discussed and decided by the Party Committee, specifically deploying relevant measures to implement the Party Committee's resolutions, studying and handling teaching, scientific research Administrative management work. The Party Committee meetings and the President's Office meetings (school affairs meetings) should adhere to scientific decision-making, democratic decision-making, and decision-making in accordance with the law, to prevent individuals or a few from being arbitrary, indecisive, and indecisive. This implementation opinion points out that important matters and plans discussed and decided by the Party Committee still adhere to the principle of favoring unity. This is due to the lack of clear provisions on how to unify the connection between the Party Committee and the President's Office, as well as the rule of law, democratic decision-making, and scientific decision-making, which has led to different effects in the understanding and operation of the school's decision-making mechanism.

Decision democracy requires the establishment of a collective decision-making system on major matters in school decision-making, which is a decision-making model jointly decided by the collective after collective discussion. According to the principles of scientific decision-making, in order to meet the needs of modern decision-making, the focus should be on the institutional construction of modern scientific decision-making, including decision-making organization system, «think tank» assisted decision-making system, decision-making procedure system, decision-making evaluation and responsibility system, etc. However, without good institutional guarantees, collective decision-making involving the majority of people may also be incorrect. Therefore, it is necessary to establish rules for collective decision-making on major issues to standardize the decision-making process and achieve rule of law decision-making in universities. Procedurality is the foundation and guarantee of democracy. Without procedures, there can be no democracy, and scientific decision-making is impossible. In university decision-making, it can specifically include risk prediction procedures, investigation and argumentation procedures, decision planning procedures, announcement and hearing procedures, consultation and negotiation procedures, etc.

According to the regulations of various university constitutions, it is necessary to improve specific decision-making systems, such as decision-making organization systems, decision-making systems that combine centralized decision-making and democratic consultation, decision-making support systems that use the «external brain» to assist scientific decision-making, scientific decision-making procedures, decision-making evaluation and accountability systems for decision-making errors, and freedom of discretion in emergency decision-making systems. The above system is still blank in some universities, and some systems are not yet perfect. It needs to be analyzed and studied one by

one, and gradually improved.

### *Conclusion*

In summary, the modernization of governance requires optimization of decision-making in universities. Under the new governance concept and development background, universities must also consider their practical difficulties and actively seek decision-making optimization paths. From the perspective of new institutionalism, in order to explore the historical, institutional, and individual rational dilemmas faced by optimizing university decision-making, and through cultural innovation, institutional design, and exploring the balance of diverse interests, optimizing university decision-making and promoting modernization of university governance.

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