

Duke University

DURHAM
NORTH CAROLINA
27708-0928

ACADEMIC COUNCIL
304 UNION WEST
BOX 90928

phone (919) 684-6447
e-mail acouncil@Duke.edu
fax (919) 681-8606

Minutes of the Regular Meeting of the Academic Council

Thursday November 17, 2011

Susan Lozier (Chair of Academic Council/Nicholas School of Environment): Good afternoon, everyone. If I can have your attention, I will start the meeting.

Welcome to the November Academic Council meeting. It's nice to see that the clouds parted in time for us all to make our walk over here – much nicer than walking over in the cold November rain that we had this morning. As you know, the first thing on our agenda is the approval of our previous meeting's minutes. [Approved by voice vote with no dissent.]

If you were present, you know that the past two meetings have largely focused on the Duke-Kunshan initiative. Following on that theme, we will hear this afternoon from Dean Bill Boulding, from the Fuqua School of Business, for a proposed Duke-Kunshan Masters in Management Studies degree, abbreviated as DK-MMS. The DK-MMS proposal was posted with your agenda along with supporting documents from the Academic Programs Committee, the Global Priorities Committee, the China Faculty Council and Provost Lange. In accordance with our two-meeting rule, our vote on this degree is scheduled for the December 1st Council meeting – the Board of Trustees will vote on this degree proposal at their meeting on December 3rd.

Faculty Scholars

We will hear from Dean Boulding shortly, but first a piece of non-China business. On the domestic front, Professor Ben Ward, from the Philosophy Department, and chair of the Academic Council's Faculty Scholars Committee has provided the Council his committee's report, which was posted with your agenda. For those of you who are new to the Council, each fall the Faculty Scholars Committee, on behalf of this Council, selects deserving students as recipients of this faculty-endowed scholarship.

I will now ask the Council to ratify the Committee's selections of the four students, all seniors, for this year's Faculty Scholar awards. The two winners are:

Vivek Bhattacharya (Economics / Physics), and
Daphne Ezer (Computer Science / Biology).

The two students awarded Honorable Mentions are:
Veronica Ciocanel (Mathematics / French Studies) and
David Womble (English).

May I have a motion to approve the Committee's selections? [Approved by voice vote with no dissent.]

Normally at this point I would ask Professor Ward to introduce our scholars so that we could publicly congratulate them, but none of the students could attend our meeting this afternoon because of class – apparently classes trump recognition before this Council (laughter). I think we all understand that excuse. However, the students will be recognized at a reception next month in the Academic Council office. Along with the students, we will invite their faculty sponsors and also the Faculty Scholars Committee members.



Though I will thank Ben and his committee members at that time, I would like to acknowledge before the Council, Ben's tremendous enthusiasm for the work of this committee and thank him for his efforts. Thanks are

also due to the other committee members, [Tom Ferraro](#) (English), [Joel Meyer](#) (Nicholas School) and [Louise Roth](#) (Biology). As well, I would like to thank the many DUSs that nominated students for this award. Finally, I would like to echo Ben's remarks in his letter in that, "Much gratitude is also due to Sandra Walton, of the Academic Council Office, without whose administrative wizardry, patience, and good humor, this committee simply would not be able to function." So thank you, Sandra, as well.

Duke-Kunshan Masters in Management Studies

After that brief respite, I ask that you turn your attention back to our global initiative. Before I ask Dean Boulding to present the DK-MMS proposal, I would like to add some context for the proposal that he will place before the Council.

First, I will remind you that this Council approved Phase 1 of what was then called the China Opportunity for Duke in December of 2009. In the interest of clarity, I will reread the resolution that I reread at our September meeting. Soon you will all know this by heart (laughter).

The Academic Council supports Phase 1 of the China Opportunity for Duke, which will allow the Fuqua School of Business to offer the existing degree of Masters of Management studies (MMS) in China. The Council also supports Fuqua's goal of using the facilities in Kunshan to enhance its Global Executive MBA and Cross-Continent Programs and to provide incubator space to other Duke schools for faculty to explore complementary research and educational programs.

The Academic Council is not prepared to endorse future plans of the program until the faculty have had more time to understand fully what it means in terms of cost and other commitments to establish high-quality educational programs in China beyond those already proposed by Fuqua.

Thus, the degree presented today clearly falls under the umbrella of Phase 1 passed by this Council two years ago.

It is important to note that this proposal is for a Duke degree, the MMS, a degree currently offered on the Durham campus and one that will be offered in the United Arab Emirates, starting in the spring of 2012, as approved by this Council at our October meeting.

The proposal before the Council today is for the MMS to be offered in Kunshan starting in the fall of 2012.

Though I am clearly trying to delineate the limit of what we are being asked to vote on with this proposal, I understand that the larger context of this proposal matters. This degree, though essentially the same MMS degree that is taught to students on this campus here in Durham, will be taught in China, where academic freedom is not easily assumed, on a campus for which there

are programmatic, administrative and facility costs to be borne by Duke.

Because these concerns are so frequently voiced, please allow me a brief review of information presented to this Council in September:

On the issue of **academic freedom**, the Duke-Kunshan University: Fundamental Principles of Academic Quality state that:

- DKU faculty members shall be free to teach, research and publish in the spirit of free and open academic inquiry, to discover new knowledge, to convey disciplinary and interdisciplinary knowledge, to participate in and expose students to the full marketplace of ideas, and to train students in the methods and skills of particular disciplines and in the general skills of critical thinking, evaluation of evidence, independent thinking and cogent expression.
- DKU students will be active learners guaranteed the right to pursue academic topics of interest, the freedom to express their opinions and conclusions with full access to information and relevant scholarship.
- To enable DKU to recruit top students, students will have access to world-class faculty, facilities, information technology and library resources as well as co-curricular programming.
- Library resources and services will be available to all DKU faculty, staff and students without limitation.

On the issue of Duke's **financial investment** in DKU, I remind the Council that the estimated Duke subsidy for the operation of DKU for Phase 1 is a total of 37 million dollars over the six-year period from 2011 to 2017, or approximately six million per year. To gauge the relative measure of this investment, it is helpful to know that this amount is approximately the same as that invested in the start-up of the Global Health Institute. Additionally, approximately 9 million dollars of these funds will come from the Strategic Investment Pool (SIP) over this six year period. Again, placing this in context, the SIP funds over this same time period are anticipated to total approximately 300 million dollars. I would also like the Council to know that John Payne, chair of the UPC, and I are starting to work with Jim Roberts, Executive Vice Provost for Finance and Administration, on ways to better understand and communicate the uncertainties of these estimates to the Council. Jim's responsiveness to our requests has been most appreciated.

So, back to the specific proposal before the Council: This proposal has been reviewed by the China Faculty Council and the Global Priorities Committee, receiving favorable endorsements from both committees.

The proposal has also been reviewed by the University Priorities Committee, where there the particular

focus was on the financial aspects of the proposed degree.

In the line of approval, this degree has been endorsed by the Academic Programs Committee, by the Provost and by ECAC and, as such, now falls before this body for approval.

One final note before I call on Dean Boulding. As chair of this Council, I sit as an ex officio member on the GPC, APC and UPC committees. I have been extraordinarily impressed with the thoughtfulness and insight with which the faculty on these committees have approached this degree proposal and indeed, the broader global initiatives. They do us all proud. While willingly engaging with the administration on programmatic development, the faculty are also prudently conditioning their approvals.

For example, I'd like to draw your attention to the APC approval of the DK-MMS because it comes with these conditions:

1) APC will review the program after the third cohort of students is admitted. Strong metrics of success may include the quality of recruited students, their placement and the financial viability of the program.

2) APC's support is based on Fuqua's assurances that the program will continue to matriculate a student body with significant intellectual and disciplinary diversity.

3) APC recommends that academic freedom and internet access issues in Kunshan should be monitored by faculty governance committees and administration alike.

We recognize that these issues are wide-ranging, longstanding, and not particular to the DK MMS program. We also recognize that issues that compromise Duke's core values would also compromise the viability of this specific program.

In other words, we are moving forward, but with eyes wide open.

And now, I will ask Dean Boulding to present Fuqua's proposal for the Duke-Kunshan MMS and then ask him to answer questions from the Council on this degree.

Bill Boulding (Dean, Fuqua School of Business): Thank you, Susan. I am so sorry that you have had to sit through this that many times. So thank you all for taking the time to evaluate our proposal. Before we start talking about the proposal, I would like to call attention to the three committee members who drafted the report, so [Debu Purohit](#), [David Robinson](#), and [Jim Smith](#) are responsible for having drafted, what, in the opinion of our faculty, a very fine proposal.

I am very briefly going to put this in the context of the overall ambition of the business school and then go to China. I would like to give very short remarks overall so that you can spend your time asking questions. The first thing is that an observation that business schools were built for a world that really no longer exists and were built under the presumption that we would all converge to a common paradigm, that we would all operate

under the same sets of rules, as we engage in global commerce and in fact, what we know is that is certainly not true. The institutional forms, the way things happen, the way people act, the way business is done, the rules of the game, vary widely round the world and across industry sectors and so what we have been trying to do is to engage in places around the world which are important to our future where we can better learn and better understand those environments.

China: very important, very difficult to understand. I had a very interesting experience about a week ago when the chairman of our Board of Visitors who is Bob McDonald, the CEO of Proctor and Gamble, came to our board meeting right from a trip to China. And his reaction was, "how can I possibly explain what is going on in China with any of the labels that I have been given growing up and in my professional career?" And it just defies the kind of labeling that has been done, in terms of how we educate people, we need to understand it more deeply. That's really the presenting question.

The intellectual reason for why it is that we would like to be more deeply engaged in China is the opportunity to do something that is of the region and to better understand the region, and to better understand the context in which business occurs. We think this presents us with a great opportunity.

When we started thinking about this opportunity, there was a charge given to this committee, and the charge had three dimensions. Charge one was that the program had to be of a quality to meet or exceed the quality standards of any program that we currently deliver.

Charge two was that it has to help, or at a minimum, do no harm, to our research activity. And so, a quick digression here is that it may not be widely known, but our faculty are the most productive research faculty of any business school in the world, and so this is an asset that is incredibly important to us and an important thing that we have to protect and nurture. So the idea is that as we engage in activities, we have to make sure that the research and programmatic activities are complementary to our research activities.

The third dimension is that it should be financially viable.

As the committee came up with the particular program that they crafted, they were incredibly creative in terms of coming up with a structure that made our faculty very comfortable with those dimensions, and so the very quick description is it's a program that starts on our campus here. By starting on our campus here, we make what we do in our MMS program stronger and better by including a more diverse set of students within that program. We then go to Kunshan in the spring semester and finish the program there. So it is split between the Durham campus and the Kunshan campus, therefore making the experience richer for students here and rich in terms of the opportunities when they are spending their time in China. And so it's a very creative proposal.

When the faculty evaluated the proposal, they felt like we had the ability to deliver something that was in fact of equal or better quality than what we do now.

They felt like it does in fact enhance our research opportunities so that it is not negative, but in fact, positive, in terms of our ability to develop the kinds of insights we need to develop in order to help understand the world and prepare the leaders to operate in that world.

On financial viability, I think you will see that the report is very honest. They are not guaranteeing financial success, but the sense of the faculty was that this was a structure in terms of moving forward with a pilot proposal that clearly merited forward movement in the sense of there is incredible option value where it might be very, very, successful.

It may not work in terms of the uncertainties, but it limits the risks that we are exposed to and gives us an incredible opportunity. So with that, I am going to stop. The report, I think, is very carefully crafted: many thanks to the committee members. Now I think the important part is the questioning. I will add that despite having made Susan sit through all of those meetings, that the process of meeting with each of these groups has been very, very helpful to us in improving the quality of what we are now proposing to you.

Questions

Lozier: Any questions on the floor about the proposed degree?

Jane Richardson (Biochemistry): I would like to



hear your explanation of how the mix is done of teaching the Chinese of how to operate here and teaching us how to operate there, and where does expertise for teaching both of those things come from?

Boulding: The question of how you operate here is part of our traditional MMS program, so I don't think that that is such a big question. We have a number of students who are part of that program now.

So the bigger issue is how do we prepare the students who are interested in being in China. One of the subtleties of the program is that it is going to be a mix of students who are from China and from outside of China. From our perspective, the ideal mix would be about fifty-fifty. What we know from the other programs is that that structure creates an incredible educational opportunity for peer-to-peer learning, and there is a notion that we talk about of a guest-host relationship where you develop

important skills both as a guest and as a host, and you need to play both roles to understand the other one better.

So in this structure, the students in this program will play both roles of guest and host and I think that does produce a great deal of peer-to-peer learning.

In terms of the expertise around what it means to be in China, we have been operating and teaching courses in China since 1995 and so we have been on the ground – not to this extent – but we have been engaged in the region for many years. I think that by doing this we will learn even more and so I am not going to claim that we have all that expertise. Part of what is implicit, and what I should now make explicit is that in terms of content the courses stay the same whether they are taught here or in Kunshan in terms of the names of the courses, the principles that are taught, the frameworks that are taught. But the context differs a lot. It's actually the change in context that is both important to convey in terms of the preparation for those students to understand the environment that they are in and also gives us the opportunity to enrich ourselves from an intellectual perspective by delving deeply into that context.

So that is from the business-school perspective. One of the things that happened during this review process was that we feel as a business school that we can benefit quite a bit from the scholarship that happens more broadly within the university and that there are people who have scholarship that is relevant to what we should be doing in terms of providing the contextual information of what we do in China as well as the accompanying course where we are trying to focus on the environment in China directly. Out of that came a proposal that we actually form a committee which is drawn from across campus that works with the business school to try to do that job better.

Sunny Ladd (Sanford School): This is a follow-up. I am not quite sure currently how much you should make for case teaching in this program. I assume a lot because



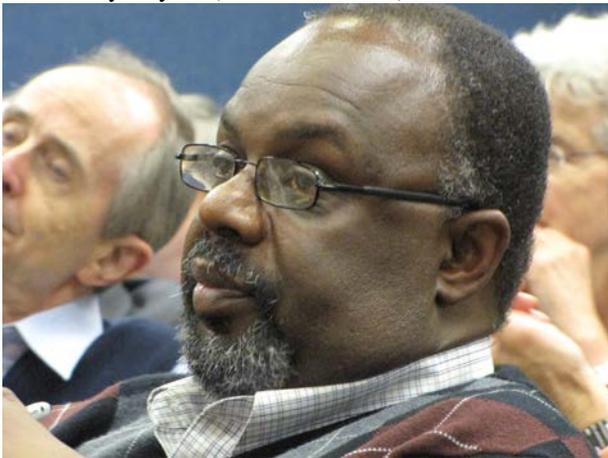
that is my understanding of how business schools work. My question for you is are big investments being made in writing new cases that will be based in Asia or that would bring in all of the context in the materials that would be working with these students in these programs?

Boulding: Honestly, I would not say that cases are the main mechanism that we use for delivering business education. Within this set, some of them will use cases,

some of them will not. And so, cases can be very helpful. Some of our faculty write cases. Most of them do not.

So, we will use cases from other institutions where that is more valued as a form of scholarship. However, I think that that is a critical part of what is going to happen as the faculty engages in teaching those courses, they have to learn the context. They have to learn the best modality for delivering that information. So putting the content within the right context, some of the faculty will be writing their cases based on what they are learning in China and some of them will be using other means for communicating that – using live cases, bringing in speakers, going out to tour different businesses and so on. So, I think that it will be done in a very rich way. It's just that it won't be done explicitly or solely through case writing.

Kerry Haynie (Political Science): You mentioned in



your comments there was some care taken to minimize the risk, can you speak to what those risks were or are?

Boulding: I think the big thing for our faculty is that we did not want to end up with hiring faculty and have a program that did not sustain itself. What we have talked about within our faculty is that first of all we want control over the faculty choices. We think it's very important that we choose the staff who should be teaching those courses according to our beliefs about what will meet that first standard of a program of a quality that is equal to or better than our programs. So that is important.

But we have agreed, as we think about staffing for China and how that connects to hiring, that we would only hire people for that purpose that we would hire even if China did not exist. That way, if for some reason – I don't expect this to go away, honestly. I think it will be successful, I'm just not going to guarantee it – but if it went away for some reason then we still have a faculty asset that we are perfectly happy with and perfectly comfortable with on the Durham campus.

Berndt Mueller (Physics): In the experience that other institutions have had within the context of teaching within China, are there cases that you know of in which the in-classroom discussion has been highly critical of the 'validity powers' in terms of specific actions that could reasonably imagine in the context of management

and business? Whether these have any repercussions or whether they were tolerated without any problems?

Boulding: Yes, that is where I think it is actually beneficial that we have been teaching in China for such a long period of time that we can report on our experiences in the classroom.

I have personally taught a class which is about culture, civilization, and leadership where the focus of that class in any one place of the world is around the transitions and tensions in that particular place. So, if you focus on transitions and tensions you are going to end up talking about issues which from different perspectives would be viewed through a very critical lens.

What I can tell you is just a simple example. We were talking about the one-child policy and there are many different perspectives about what the one-child policy means. Some of the perspectives are highly critical, and that then led to a conversation about what is the role of the government in essentially preventing free expression of beliefs and exercising personal freedoms. That then led to a completely open conversation with some people saying that government would never allow this to someone else from China, and this where this guest-host notion really pays off when you have a mix of students from the location and they speak from their own experiences. This one Chinese student said I could go out on the street corner right now and I could yell, "The government sucks," and no one would bother me. Another student said, "You're crazy!" The point is that in our classrooms we have had this very open and free exchange of ideas just as you would expect in a classroom here.

Lozier: Just as a follow-up, I think he asked not just in your classrooms but do you know of any incidences when those conversations have happened?

Boulding: I don't literally mean just my classroom and I guess I don't know of any incidents in terms of our classrooms, in terms of Duke activities or the business school activities in China. I also do not know of incidents for any other business school classes and there are a variety of schools who are operating in China in these partnered programs, INSEAD, WashU and so on, and I have not heard of any of those incidents.

Bruce Jentlesen (Sanford School): A couple specific questions. 50% of the students will be from China. What will be the composition of the other 50%? Will it be sort of your normal mix or are you going to try to pitch it in a particular way? And then, second is – so one semester here and one semester over there, will the MMS be a Duke Fuqua MMS or a DKU MMS?

Boulding: What we have approved is a Duke degree. Now, over time with MOE approvals that becomes a question where I get a little bit confused but from my point of view, the important thing is it's a Duke degree and it has to therefore meet all the standards of a Duke degree.

So, the 50% non-Chinese I think will be drawn from a combination of East Asia, Europe and the US. I say East Asia because what I know is that there is a pattern right now where families are sending their children to be educated inside of China from the region. For ex-

ample, a number of Korean families send their kids to school in China because they see that their economic future rests on their ability to engage effectively in China.

So I think we will see some people drawn from East Asia because China is the economic powerhouse in that region, but I also think that it has not gone unnoticed by people in other economic regions where you don't see the same kind of growth and vitality, in Europe and here, that they see that future opportunity is really in China and so that is why I think that you are going to see that mix across different groups. Now, how will we attract them? Part of what the business school has done over the years is to invest in becoming a global business school not just in term of our research and teaching but in terms of putting people on the ground in different parts of the world. We have a team that has been working in China for a number of years. We have a team that has been working in Western Europe for a number of years and of course, here. So, we will have the ability to go out and reach out to those markets.

Nan Jokerst (Electrical and Computer Engineering):



In our department, we have a fairly high number of Chinese students and the dynamics in classes can change quite a bit when you have students who don't speak English as their primary language. And I know the documents mentioned an ESL immersion experience. First of all, do you plan on mixing the MMS students with the traditional Duke students in the MMS program or keeping them in separate sections? And are you concerned at all about the level of ability of speaking English and how do you plan on merging this ESL into the MMS program?

Boulding: They will be mixed together, and right now in the MMS program that we run here, we have a number of Chinese students and so we're familiar with some of the issues around language, cultural interactions and so on, across those particular borders. What we know is, we've actually had a lot of experience over the years, in terms of trying to prepare students for an immersion here through the language preparations. So, we've been running something called the "Language Institute" for many years for our MBA students and now for our MMS students. We've gotten pretty good at getting them to understand the places where they're going to struggle. For example, in a case discussion where the

ideas are bouncing around quickly, that's a completely different environment from someone standing here and lecturing. We've developed capabilities over the years in terms of preparing students effectively in that manner. But I will also say that honestly, the trend in terms of what we're seeing with the students coming out of China is that the English skills are getting better and better with each younger generation because of the preparation that they've been doing. The more senior Chinese people may not have the same quality of English skills as the younger ones. So, since this is aimed at a younger target, we're going to give the assistance because we don't want to assume everything is fine -- but we think that it will actually be better than what we have seen in the past.

Jokerst: And just one quick follow-on: are you planning on offering an immersion Chinese language experience in Duke in China? (laughter) Actually, for your 50% who are not Chinese, that could be very interesting.

Boulding: Here's an example of something that has changed. Originally, we did propose that -- and people who have knowledge about how meaningful that would be, suggested you're actually deluding yourselves if you think you can put someone in an immersion Mandarin experience and expect them to get something of value out of that in such a short period of time. So, we took that aspect out. At the same time we will certainly be offering those students the opportunity to engage in developing their Mandarin skills. I expect that there will be a lot of these students -- one of the things that has been happening is that kids today have recognized that China is really important to the future of the world and so more and more people have been studying Mandarin over the years and I think they will be coming into the program. Some of our MMS students have Mandarin skills now even without the DKU program.

Chris Dwyer (Electrical and Computer Engineering): I have a question that came out of your discussion of that case study where you were talking about subjects that would be illegal for groups of Chinese citizens and I was curious that what was missing from the report was any sort of legal risk assessment. These students were coming into the program, largely with your responsibility to protect them in some form: where can you draw that line where "well, we can't protect you from talking about the class", what kind of balance from your experience can we count on?

Boulding: Again, we have never seen any evidence that the Chinese students who are in our programs have put themselves at risk. I apologize, therefore, for not having that as one of the risk dimensions, simply because we have not experienced it. I think that the language -- and I probably would defer to Peter or Nora -- that the language in our cooperative education agreement is very clear around the fact that we have to have an environment that permits those freedoms and we have exit clauses if those freedoms are not appropriately respected. Would you want to add anything to that?

Peter Lange (Provost): That is correct. We did do due diligence with a number of other programs that reported on this in September, we have done substantial

due diligence and no one has ever indicated a legal problem ever arising with any of the students.

Lozier: Are there further questions? Thank you, Bill. I do want to follow up on the point that Bruce Jentlesen asked, and that was about whether this was a DKU or Duke degree. And I did have that in my remarks. I did want to assure everyone that I absolutely believe that before this Council gets to the point of approving DKU degrees, we would have to have much more information brought to this Council about the financial considerations and the programmatic development. So just to be clear, what you will have to vote on at our December 1st meeting is a Duke degree for an MMS to be offered in Kunshan. Finally, if there are any further questions....

John Payne (Fuqua/ECAC): I just wanted to comment that the three elements that Bill commented on in terms of criteria that were given to the committee are three that the Academic Council probably would want to think about. One is the quality of the programs, which also how well we meet our institutional values, all of that being the quality.

Second are the various issues of financial liability, who has it? What the risk is? Issues like this. And then the third criterion...is to what degree this would help or harm other research in other programs that we are doing at Duke? And I think those three criteria actually provide a very nice framework for thinking about this more broadly.

Lozier: Thank you, John. If there are further questions on this degree proposal, please send me an email at acouncil@duke.edu, you can send email to Sandra or you can send email to me. So ECAC and I would like to make sure that there are answers to your questions before the next Council meeting, because our goal is to make sure that this Council as a whole has enough information on hand for an informed vote on December 1st. Also, on December 1st, ECAC has asked the Provost to discuss further with the Council his answer to the following question:

How do you take a collection of programs and turn them into a university?

In answer, the Provost has agreed to present to this Council an update on the evolving plans for the DKU initiative at our December meeting.

Finally, I will now call our meeting into Executive Session for our last agenda item.

Executive Session

Respectfully submitted,

John Staddon

Faculty Secretary, November 25, 2011