

Increased autonomy for universities in Asia: How to make it work?

Overview

Higher education (HE) systems worldwide have been expanding rapidly since the 1980s. Expansion has been particularly fast in Asia, where the education sector has experienced a marked increase in the share of global enrolment. This growth has also been accompanied by diversification of the HE system. Within this context, governments in the region are looking for innovative ways to coordinate and steer the higher education sector more effectively. One reform increasingly adopted in the region is the granting of autonomy to institutions in conjunction with accountability measures.

An IIEP research study was undertaken on the effects of these reforms on the governance and management of higher education institutions in five Asian countries. The aim was to generate empirical evidence to provide national higher education authorities with guidance on the effectiveness of governance reforms and their procedural elements. The study was also designed to supply data on the role of HE institutions and their leaders in ensuring the success of autonomy.

The context for increased institutional autonomy in Asia

Recent trends in global expansion show that enrolment in higher education (HE) increased from 100 million in 2000 to 177.7 million in 2010. Expansion was faster in the Asian region than in other regions: between 1991 and 2010, the gross enrolment ratio (GER)¹ increased from 7 per cent to 29 per cent in East Asia and the Pacific, and from 6 per cent to 17 per cent in South and West Asia (UIS, 2012).

The expansion of higher education in the region has been accompanied by diversification of the sector in terms of institutional arrangements, providers, study programmes, and sources of funding. Other examples of diversification include the expansion of the non-university sector and the emergence of private and cross-border providers.

The expansion and diversification of the system has presented a challenge for effective governance and management. New modes of coordinating and steering the HE sector favoured a reduced role for the state and a greater role for the market, facilitated through the granting of increased autonomy to institutions of higher education.

Box 1. The IIEP research project on governance reform in higher education in Asia

As part of an interregional project on the effectiveness of governance reforms, IIEP analysed the nature of autonomy and its effects on selected HE institutions in five Asian countries: Cambodia, China, Indonesia, Japan, and Viet Nam, over the period 2009–11. The selected countries were chosen to provide an interesting variation in terms of political systems, levels of economic and higher education development, and distribution of authority in the higher education system.

The reforms analysed in the study were as follows:

- in Cambodia: the Royal Decree of 1997;
- in China: the Outline for Education Reform and Development of 1993;
- in Indonesia: the PP61 of 1999;
- in Japan: the Corporatization Policy of 2004;
- in Viet Nam: the Higher Education Reform Agenda (HERA) of 2005.

The research combined documentary and statistical analysis with qualitative interviews conducted with key decision-makers at national and institutional levels, and a survey questionnaire taken among academic staff. The present brief was developed from the findings of this case study research.



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¹ The proportion of students enrolled in higher education as a share of the relevant age group for higher education (19–23 year olds).

The objectives of increased autonomy

‘All the case study countries demonstrated a high degree of governmental control’

The IIEP research found that expectations of increased autonomy were multi-dimensional and related to existing problems in the area of governance. Prior to the reforms in the five countries, governance structures for the HE sector were fragmented, characterized by horizontal distribution of authority among several ministries (Cambodia, China, Indonesia, and Viet Nam) or several administrative layers (China, Japan, and Viet Nam). All the case study countries demonstrated a high degree of governmental control and interference in the day-to-day management of higher education institutions.

The objectives associated with the introduction of increased autonomy were thus to:

- enhance the administrative efficiency of higher education institutions (HEIs) by linking decisions more closely with action;
- enhance quality and relevance of academic programmes by enabling greater involvement on the part of regional authorities;
- strengthen the relevance of research to facilitate the interaction of academic departments with local/national industry;
- facilitate the diversification of funding sources by allowing HEIs to develop partnerships with enterprises.

The nature of increased autonomy

University autonomy is a complex concept that potentially covers many different reform measures. To address this complexity, the IIEP research drew on the conceptual distinction between *substantive* and *procedural* autonomy developed by Robert Berdahl (1971). Substantive autonomy grants institutions the authority to take decisions, and carry them out, concerning the goals and programmes under their purview. Procedural autonomy implies administrative freedom without the real authority to take decisions on

substantive priorities, but with greater authority over their implementation. The IIEP case studies revealed that most measures introduced under the five governance reform measures actually focused on procedural autonomy, while substantive autonomy was generally curtailed by new accountability measures. The introduction of quality assurance systems in all five case countries is a case in point.

Box 2. Rationale for governance reform in China

In China, discussion and enhancement of governance reform in 1993 brought higher education institutions in line with the progressive implementation of market mechanisms within the broader economic system. The growth of enrolments in higher education created a need for greater institutional autonomy and a push for decentralization of authority for HE to provinces. HEIs were also expected to take a more active role in terms of contract research with public and private enterprises, and technology transfer. Increased administrative and academic autonomy would also facilitate and strengthen outreach to the local and national economic environment.

Source: Li and Yang (forthcoming).

Change in legal status of HEIs as a vehicle for increased autonomy

In four of the five countries studied, a change in legal status of higher education institutions was used as a vehicle for the introduction of increased autonomy. It was accompanied by a new governance structure, which vested increased authority either in a governing body, such as a board of trustees (Indonesia and Japan), or in the newly strengthened role of the university president (China). In Japan, under the Corporatization Policy (2004), universities became national university corporations. In China, under the Outline for Education Reform and Development (1993), HEIs became legal entities under the leadership of a university president, who would become responsible for the formulation of institutional policies and long-term development plans. In both Cambodia and Indonesia, a change in legal status was piloted with selected HEIs, which were given the opportunity to become non-profit legal entities.



University of Phnom Penh Cambodia

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Box 3. The Royal Decree of 1997 in Cambodia

In Cambodia, the Royal Decree of 1997 allowed selected higher education institutions to transform themselves into Public Administrative Institutions (PAI). The decree enables PAIs to operate under a governing board, consisting of representatives from different ministries, a rector/president, and a staff representative. Stakeholder representatives may also have a seat on the board. The governing board is responsible for planning and financial and human resource management, as well as the organizational structure of the PAI. In contrast, other HEIs operate under and report directly to line ministries, which are responsible for day-to-day management.

PAIs are allowed to use the funding generated from fee-paying students and other services to provide staff incentives, teaching bonuses, and staff development measures. A PAI may also develop new educational programmes. However, the Department of Higher Education of the Ministry of Education, Youth, and Sports manages and monitors the educational services of autonomous institutions, including programme and curricular development, and conducts tests and undertakes the selection of both scholarship and fee-paying students.

As of 2010, only 8 public HEIs out of 34 operated under PAI status.

Source: Visalsok, Ngoy, and Virak (forthcoming).

‘The granting of authority brought far-reaching changes to higher education institutions in the five case countries.’

More autonomy in resource management

The governance reforms in all five case study countries increased decision-making authority to HEIs in the area of financial and personnel matters. In China, Japan, and Indonesia, the most crucial reform measure was the shift from a line item to a lump sum budget, although implementation was ultimately blocked in Indonesia because of opposition from the Ministry of Finance. Greater authority was also granted to HEIs to recruit and manage administrative and academic staff. In the cases of China, Indonesia, Japan, and Viet Nam, this move meant a loss of civil servant status for academic staff, who became university employees, yet it was in some cases accompanied by new responsibilities in the area of staff management. In China, for example, universities were granted the authority to assess teacher performance, make

appointments, and readjust the payment of subsidies and salaries.

More autonomy in the development of academic programmes

While HEIs in certain countries, such as Japan, already enjoyed substantial autonomy in academic matters, others were more regulated and required approval from a central authority to make changes to enrolment, study programmes, and so on. In all countries, universities were entrusted with the authority to create new study programmes (sometimes as a shared responsibility with national authorities). In China, HEIs were given the authority to propose enrolment plans, act on their own academic offerings, re-adjust branches of learning and specialized subjects, draw up teaching programmes, decide the internal structure of departments, and act on their own behalf in conducting research.

The effects of increased autonomy

The granting of authority brought far-reaching changes to higher education institutions in the five case countries. These pertain to the governance structures of

HEIs, the structure and number of academic staff, their capacity to generate supplementary income, and the quality and diversity of the academic offer. While many

Box 4. Effects of the Corporatization Policy on governance structures at Hiroshima University, Japan

In Japan, new structures of governance were established in line with the Corporatization Policy reform of 2004. At the University of Hiroshima, for example, more power was granted to governing bodies at the university level. The new structure also includes a greater number of Executives and Vice Presidents and Associate Executive Administrators to bolster the leadership of the President, in addition to more offices and other governing bodies. In 2011, six Executive Directors shared responsibility for finance and general affairs, medical affairs, public relations and information, research, peace and international affairs, and educational affairs, while also (in some cases) holding the office of Vice President. In addition, there were two Vice Presidents – one for the university library and one for student affairs. More importantly, nearly half the members of the Managerial Council were appointed from outside the university. These non-academic or non-university externals, most of whom are well-known experts from different fields or social ranks, are expected to be actively involved in the governance and management of the university. This constitutes a fundamental shift in the governance and management systems of higher education in Japan.

Source: Yamamoto and Futao (forthcoming).

of the intended objectives of the reform were achieved, increased autonomy also had some undesirable unintended effects.

Autonomy and governance and management structures

The case studies demonstrated that the reforms led to the creation of a stronger executive at the institutional level. New governing bodies were put in place, such as a board of directors or board of trustees with stronger external representation (e.g. from local public authorities or enterprises) to which the president or rector of the university is accountable. New administrative departments were also developed to deal with the increasing complexity of management tasks in self-governed HEIs.

Autonomy and academic staff recruitment

The effects of increased autonomy on the area of staff recruitment, in particular the loss of civil service status among academic staff, varied. In Japan, there was a clear increase in fixed-term appointments in universities. In Indonesia, following the introduction of the governance reform, the government decided to freeze civil servant recruitment in legal entity universities to oblige them to recruit university staff. However, the Ministry of Finance blocked the introduction of the



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promised block grant system for operational expenditure, with the argument that public funding to universities had to follow Government Treasury Law. Legal status universities were thus obliged to finance academic staff recruitment exclusively from their own resources. This led, at Gadjah Mada University (GMU), to a decrease in the recruitment of academic staff, and ultimately in 2006 to a request to the government to revert to the former system of civil servant recruitment.

Autonomy and the generation of extra-budgetary funds

In all instances, increased autonomy has enabled institutions to engage increasingly in income-generation activities.

This has led to an enhanced share of private income in all institutions of higher education, to varying extents, depending on market opportunities. At Hiroshima University in Japan, for example, public funding accounted for 49.6 per cent of total income in 2004, but only 38.6 per cent in 2009. In general, universities became more active in the establishment of university enterprises. Private revenue doubled over the period 2006–09 in nominal terms.

Box 5. Income generation opportunities at Gadjah Mada University (GMU), Indonesia

Many legal entities universities in Indonesia have developed commercial ventures ranging from hotels and plantations to other forms of investment. In 2001, GMU established Gama Multi Usaha Mandiri (GMUM) as a holding company to manage commercial ventures, but financial gains have remained rather small. The income-generation activities comprise commercialization of intellectual property, training, consultancies, bookstores, student dormitories, sport centres, and so on. There are also auxiliary ventures including a guesthouse, room leasing for offices and functions, and other commercial investments. GMU has established an endowment fund with support from philanthropy.

Source: Nizam and Nurdin (forthcoming).

‘The governance reforms which led to increased autonomy were a mix of success and failure.’

Undesired effects of the reforms

In addition to the expected changes brought about by increased autonomy, a number of undesired effects were reported in the five case studies. Increased autonomy created more market opportunities and in some cases led to academic staff neglecting core activities. For instance, in Cambodia the reform enabled academic staff to engage massively in continuous professional development courses. As a consequence, university lecturers devoted less time to the preparation of PhD projects, which in the medium to long term impacted on the availability of academic staff with a PhD in the country.

Increased autonomy also resulted in increased inequity in access to resources across departments. In Indonesia, at GMU, the new governance framework allowed

each department to recruit staff from generated resources on a contractual basis. This led to imbalances in the availability of administrative staff across departments.

Increased autonomy led to increased workloads for academics. In all universities, academic staff were entrusted with supplementary administrative responsibilities and required to spend excessive time on new administrative tasks.

Increased autonomy altered the balance of power between academics and administrators, usually to the detriment of the former. It led to increased conflict between university administrators and academic staff, since many decisions were made internally by administrators, whereas formerly the Ministry held greater decision-making responsibilities and was thus seen to be responsible for many existing problems.

What can be learned from the process of introducing more autonomy?

The governance reforms which led to increased autonomy were a mix of success and failure. In order to provide guidance for decision-makers, a certain number of lessons and recommendations may be drawn from the research results on the process of introducing increased autonomy for universities.

The introduction of increased autonomy requires coherent national policies

Two of the five case study countries were characterized by horizontally shared governance (i.e. HEIs are placed under numerous line ministries), and three were characterized by vertically shared governance (i.e. HEIs are placed under central and decen-

tralized government structures). In the case of decentralized governance, Viet Nam experienced a lack of coordination between national and regional levels with regard to the regulations for financial management. This created uncertainties and inconsistencies at the level of the regional university. In Indonesia, inconsistencies appeared between the policies and regulations pursued by the different ministries at the national level, which ultimately led to the failure of the governance reform. Therefore, the coordination of national ministries (finance, public service, and education) and the coherence of their policies were highlighted as key factors in the successful implementation of policies aimed at increased autonomy.

Introduction of autonomy is best organized as a sequential process to allow for progressive adaptation within HEIs

The five case studies showed that the route to increased autonomy is often a long process, wherein a number of regulatory instruments build on each other in a cautious and stepwise manner. The five countries are actually at different stages in the process, with some being quite advanced, while others are at earlier stages. Viet Nam is still at a relatively early stage, but government resolutions have built upon each other, forming a clear, sequential process. Such a progressive introduction of autonomy helps HEIs to progressively adapt and learn. In Cambodia, the PAI reform is described as only a first stage in the granting of increased autonomy, as the regulatory system remains a constraining factor. The sequenced development of autonomy provides an opportunity for the higher education sector to adapt to new realities and to build up competencies to deal with new functions. For the five countries, this means that the overall reform process towards institutional autonomy is at different stages of implementation, and that the process is, in some cases, far from finished.

Increased autonomy can be piloted in stronger HE institutions, but should be extended rapidly to the entire sector

Two of the five case study countries (Cambodia and Indonesia) introduced increased autonomy to a select number of HEIs, while the other three opted to introduce governance reform across the sector or in one of its

segments (e.g. Japan selected only national universities). While piloting increased governance has the advantage of experimentation with a lower level of risk, generalization thereafter may present difficulties, as was shown by the Indonesian experience, where the whole reform was finally put on halt at the generalizations stage because of political opposition from the universities. It is necessary to bring the elements of autonomy into line with existing capacities, which need to be built up progressively so that HEIs can fully embrace the potential of autonomy. However, higher education authorities should keep in mind the objective of equalizing (academic and administrative) capacity levels in the sector, with the long-term vision of granting increased autonomy to all HEIs, and allow for a balanced development of the whole higher education sector.

Increased autonomy requires strong leadership to be effective

The comparative analysis clearly shows that the translation of autonomy from an abstract concept to operational practice depends on the capacities of institutional leaders to grasp opportunities and implement institutional change. The research revealed that, under similar legal provisions and comparable conditions, the real level of autonomy enjoyed by institutions varied depending on leadership capacities. Strong leadership was found to be a necessary condition to overcome resistance to change. This was the case when increased autonomy led to changes in the distribution of authority between administrators and academics, or when the status of academic staff changed from civil servants to university

employees. When credible leaders in such situations proved able to reassure stakeholders that their relative position would not be worsened and that the changes would not adversely affect their career prospects, the reform was implemented more easily.

This raises the question of both the selection and the professional development of institutional leaders in HE. Recruiting leaders with a development vision for their HEI in line with the objectives of the reform proved to be a critical factor for success. Leaders also need to be adequately trained and oriented to confront management challenges at the institutional level. The provision of leadership programmes for newly recruited institutional leaders could be identified as a good practice.

Institutional policies are required to prevent undesirable effects

The research also identified some undesirable effects of autonomy that arise when HE institutions are pushed to operate more closely with the market. These typically comprise the diversion of academics towards more lucrative activities and greater inequity in access to resources across different university departments. To prevent certain unintended effects, HEIs need to set policies with regard to the maximum amount of time that academics should spend on income-generating activities and how to share the financial benefits across different actors. To ensure the social cohesion of a university, it is important to redistribute a share of the generated income to those university structures that have fewer opportunities to interact with the market, so that the university as a whole benefits from increased autonomy and thus supports it.

Conclusion

In all five case studies, autonomy was considered as a means to the system's improvement within the context of a broader reform agenda, and not as an aim in itself. Autonomy should therefore be introduced in line with the national context (including administrative capacities) and be well aligned with a policy context. Consequently, there is no single model for an ideal governance reform in higher education. Nevertheless, important lessons could be drawn from this research for national and institutional decision-makers.

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Contact information

This Policy Brief was written by Michaela Martin: m.martin@iiep.unesco.org.

7-9 rue Eugène Delacroix
75016 Paris, France
Tel: +33 1 45 03 77 00
Fax: +33 1 40 72 83 66
Email: info@iiep.unesco.org
www.iiep.unesco.org



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