



United Nations
Educational, Scientific and
Cultural Organization



International Institute
for Educational Planning

Governance reforms in higher education:

A study of institutional autonomy in Asian countries



Edited by
N.V. Varghese and
Michaela Martin

New trends in higher education

Governance reforms in higher education

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N.V. Varghese and Michaela Martin

PREFACE

Higher education has expanded rapidly in recent decades reflecting the growing importance of the sector in promoting economic growth. The sector has introduced various reforms to align itself more closely with the market. Most of these have been influenced by the concept of ‘new public management’, which implies a lesser reliance on the state and a greater reliance on markets. An integral part of this concept and the related reforms is the granting of more autonomy to institutions of higher education to plan their activities, mobilize resources to implement programmes, and monitor activities.

The present study focuses on institutional autonomy and the role it plays in governance and management towards enhancing the overall effectiveness of higher education systems. It addresses in particular the effect of autonomy on academic programmes, staff appointments, student admissions, administration, and financing.

The study is based on case studies taken from five countries in Asia: Cambodia, China, Indonesia, Japan, and Viet Nam. Each country case study investigates how national governance reforms have affected governance at the national and institutional levels. The institutions for the case studies were identified based on size, age, and implementation of reforms in the governance structure. Information from primary sources was collected through semi-structured interviews with decision-makers at national and institutional levels, based on questionnaires collected from academic and administrative staff members.

The findings of the study samples indicate that increased autonomy in higher education centres around procedural matters in less developed countries, but manifests at both the substantive and procedural level in more advanced countries, such as Japan. The move towards autonomy was less successful in Indonesia, partly as a result of the perception of financial uncertainties resulting from the withdrawal of the state.

The case studies also show some of the positive effects of attaining autonomy. Institutions of higher education have become more independent in their operations, enjoying the freedom to appoint teachers

and make decisions on promotions. They are also free to mobilize and allocate additional resources to meet the needs of the institution as they, the governing body, see fit. In all instances, substantial changes were made to the academic and administrative decision-making process, and new structures of governance were established.

In state-dominated economies, the state still continued to exercise decision-making authority by reducing institutional autonomy. Countries with more bureaucratic management systems took longer to become accustomed to the new forms of governance and management structures. Overall, autonomy-based reforms proved easier to implement in countries with a strong tradition of collegial decision-making.

In many cases, academic staff ceased to be civil servants and became university employees. This implied that decisions on recruitment, placement, salary, and regulation of activities were now the domain of the university. In many cases, staff selection and performance evaluation became an important concern at the institutional level. It is believed that one consequence of this was a substantial reduction in the authority and collective bargaining powers of the professoriate.

The research programme was implemented in collaboration and partnership with national institutions, and national teams carried out all the country case studies. The findings of these case studies were presented as papers to a Policy Forum held in Jakarta; the present volume is based on these papers.

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LIST OF ABBREVIATIONS

AAU	Association of African Universities
ACC	Accreditation Committee of Cambodia
AGU	An Giang University
APEX	Accelerated Programme for Excellence
ASEAN	Association of Southeast Asian Nations
BAN-PT	National Accreditation Board for Higher Education
BHMN	State-owned legal entity (<i>Badan Hukum Milik Negara</i>)
BK	Brain Korea
BoD	board of directors
BoT	boards of trustees
BSNP	Board of National Education Standard
CCP	Communist Party of China
CEO	chief executive officer
CHEPS	Centre for Higher Education Policy Studies
CIS	Commonwealth of Independent States
CoE	Centres of Excellence
DGHE	Directorate General for Higher Education
ECNU	East China National University
ELISA	GM e-learning tool
ENQA	European Network for Quality Assurance
ESG	<i>European Standards and Guidelines for Quality Assurance in Higher Education</i>
ETMA	Educational Technology and Management Academy
GB	governing board
GDETA	General Department for Educational Quality Assurance, Accreditation and Testing
GER	gross enrolment ratio
GMUM	Gama Multi Usaha Mandiri
GNP	gross national product
GPA	grade point average
HDI	Human Development Index
HEEC	Higher Education Evaluation Centre
HEI	higher education institution
HELTS	Higher Education Long Term Strategy
HERA	Higher Education Reform Agenda
ICT	information and communications technology

IPB	Bogor Agriculture University (<i>Institut Pertanian Bogor</i>)
ISCED	International Standard Classification of Education
ISO	International Organization for Standardization
ITB	Bandung Institute of Technology (Indonesia) (<i>Institut Teknologi Bandung</i>)
JASSO	Japan Student Services Organization
JSPS	Japan Society for the Promotion of Science
KJM	Office of Quality Assurance (<i>Kantor Jaminan Mutu</i>)
M&E	monitoring and evaluation
MAFF	Ministry of Agriculture, Forestry and Fisheries
MoE	Ministry of Education
MoEF	Ministry of Economy and Finance
MoET	Ministry of Education and Training
MoEYS	Ministry of Education Youth and Sport
MoF	Ministry of Finance
MUA	National University of Management
NCHER	National Commission for Higher Education and Research
NER	net enrolment ratio
NES	National Education System
NIAD-UE	National Institution for Academic Degrees and University Evaluation
NUM	National University of Management
OECD	Organisation for Economic Co-operation and Development
PAC	Police Academy of Cambodia
PAI	public administrative institutions
PK-BLU	Public Service Unit Financial Management (<i>Pengelolaan Keuangan Badan Layanan Umum</i>)
PT-BHMN	University of the Public Legal Entity (<i>Perguruan Tinggi Badan Hukum Milik Negara</i>)
RAC	Royal Academy of Cambodia
RGA	revenue-generating activities
RGC	Royal Government of Cambodia
RMB	yuan or renminbi, Chinese currency
RUA	Royal University of Agriculture
SADA	Centralized Administration of Academic Decentralization (<i>Sentralisasi Administrasi Desentralisasi Akademik</i>)

List of abbreviations

TESOL-HCMC	Teachers of English to Speakers of Other Languages, Ho Chi Minh City
UGM	Gadjah Mada University
UI	University of Indonesia (<i>Universitas Indonesia</i>)
UIS	UNESCO Institute of Statistics
UNAIR	Universitas Airlangga
UU-BHP	Law on Education as a Legal Entity (<i>UU Badan Hukum Pendidikan</i>)

I. GOVERNANCE REFORMS IN HIGHER EDUCATION: A STUDY OF INSTITUTIONAL AUTONOMY IN ASIAN COUNTRIES

N.V. Varghese and Michaela Martin

1.1 Introduction

Higher education enrolment increased globally from 100 million in 2000 to 164.6 million in 2009 (UIS, 2011). The global gross enrolment rate (GER) in 2009 was 27 per cent (UIS, 2011). The variations in GER across regions are not only high, but have also widened over time. For example, the GER varies from 6 per cent in sub-Saharan Africa to 72 per cent in North America and Western Europe. The GER doubled between 1991 and 2009 in the Arab region (from 11 to 22 per cent), more than tripled in East Asia and the Pacific (from 7 per cent to 28 per cent), and increased from 6 per cent to 13 per cent in South and West Asia, and from 17 to 37 per cent in Latin America. The GER varies from 1 per cent in Niger and Tanzania to 98 per cent in Korea, 94 per cent in Finland, 83 per cent in the United States, and so on.

According to Martin Trow's (2005) classification, higher education is already universalized in many OECD countries, massified in most upper middle-income countries, and has remained an elite system in the African and South-West Asian countries.

Expansion and diversification of the system

The diversification of the system can be seen in terms of diversity in study programmes, in the student body or clientele, and in ownership and control of provision (Teichler, 2008). There seems to be a positive association between system expansion and diversification. Systems that are diversified have expanded faster than those that are not. For example,

This chapter is an abridged version of the theme paper presented at the Policy Forum on 'Design and management of higher education systems: The role of steering policies and governance reforms in the management of higher education'. The opinions and views expressed in this paper are those of the authors and should not necessarily be attributed to the institution where they are employed.

both diversification and expansion of the higher education system are visible in OECD countries, in many countries of the Asia and Pacific region, and in the Latin American region. The situation in less developed countries is characterized by slow expansion and limited diversification of higher education.

The expansion and diversification of the system occurred in response to changing requirements in the production sector and employment market. Expansion of the market economy redefined relevance in terms of the skills demanded in the labour market. In response, non-university sector institutions now provide practically oriented programmes and fields of study. The changes are also reflected in the way higher education is financed, with the system relying increasingly on non-state resources for its continued expansion.

Reforms in higher education

Reforms in higher education reflect the increasing importance and use of knowledge in production, and the role of higher education institutions (HEIs) in training for the production, transmission, and use of knowledge (Varghese, 2012). An analysis of reforms in Europe indicates that most recent reform measures have been undertaken to improve international and global competitiveness (CHEPS, 2009) on the understanding that economic growth and global competitiveness are increasingly driven by knowledge. The effort to develop world-class universities is another example of this trend (Salmi, 2009). The Bologna Process, the establishment of a European Higher Education Area, the development of the *European Standards and Guidelines for Quality Assurance in Higher Education* (ESG), and the creation of the *European Network for Quality Assurance* (ENQA) are linked to improvement in or quality of higher education (Martin and Antony, 2007), as well as increased competitiveness.

Higher education reforms in many countries in Asia also aimed at enhancing national capacity to produce knowledge, so as to improve economic and market competitiveness. Notable examples of efforts to improve the quality and relevance of higher education include the Chinese reforms of *Project 985* and *Project 2011*, Japan's Centres of Excellence (CoE 21), *Brain Korea 21* (BK 21), and the *Accelerated*

Programme for Excellence (APEX) in Malaysia. In India, discussion and debate has surrounded recent reform measures including the establishment of a *National Commission for Higher Education and Research* (NCHER), the setting up of a national accreditation agency, and the admittance of foreign educational institutions (Sunder, 2010; Tilak, 2010).

Reforms in higher education in the Commonwealth of Independent States (CIS) were intended to reposition and facilitate the transition from a centrally planned to a market economy. Political changes in the region in the 1990s marked an end to centralized planning, a marked reduction in public funding, rapidly declining academic standards, and high levels of unemployment among university graduates. Curricular reforms were introduced to reflect changing market orientation, while courses on economics, accounting, financial analysis, marketing, business administration, law, information systems, international relations, psychology, and so on, mounted in cost.

Higher education reforms in countries in Africa occurred mostly in response to a decline in the public financing of higher education. Many of the reforms centre on the idea of cost-recovery measures. Examples of cost-recovery measures initiated and implemented in several African universities include: reductions in student subsidies, the admission of private students (fee-paying) to public universities, and parallel courses and programmes of study.

All these reforms indicate a clear shift in the provision and management of higher education from state to market. Furthermore, recent reforms have been influenced by the concept of 'new public management'. This implies a reduced reliance on the state for funding and control and a shift towards market processes. In spite of this, the state continues to play a role, providing a framework for other non-state actors to intervene – in essence, steering from a distance.

The transition from state to market in higher education was frequently mediated through higher education institutions. Many governments transferred part of their authority and responsibility to institutions of higher education in the form of increased institutional autonomy. This led to a shift from the state control model to a state supervision model of higher education management (OECD, 2003;

van Vught, 1994). These reforms have resulted in substantial changes in the way activities are organized and managed in institutions of higher education (Varghese, 2009). Governance structures and management practices at the system and institution levels have been modified in response to these changes introduced at the national level. This has had a wide effect on the relative distribution of responsibilities for the management of higher education systems.

In order to mediate effectively between the ministry and higher education institutions, many countries have created established ministries of higher education, national quality assurance agencies and quality monitoring mechanisms, buffer institutions such as National Commissions for Higher Education, and so on. Furthermore, membership of decision-making bodies at the national and institutional levels has been opened up to representatives of the corporate sector and industry, as well as other stakeholders. The most common pattern in many countries, especially in the British Commonwealth, is the creation of a buffer body with central government retaining control over national strategy and the overall shape of the higher education system (Fielden, 2008).

The IIEP research on which this chapter and the present volume are based focuses on changes in governance at the national level and their impact on the management of higher education institutions. Its principal focus, however, is the effectiveness of governance reform as a means to enhance the overall effectiveness of a higher education system. Discussions with national research teams highlighted a common issue across all country studies – the important role played by enhanced autonomy in the reform of higher education institutions. Therefore, it was decided that the research programme would focus on the issue of autonomy and its effects on university governance and management.

For the purposes of the study, university autonomy was defined in terms of the freedom and authority enjoyed by universities and institutions of higher education to play their role and contribute to societal development within the framework provided by public authorities. Institutional autonomy implied the freedom for an institution to run its own affairs without the direct control or influence of the government. Instead, the influence exercised by the government may be based on

legislative measures. University autonomy can be substantive or procedural (Berdahl, 1971). *Substantive* autonomy gives institutions the authority to take decisions and operate with authority with regard to their own goals and programme matters. Linking decision-making to action is expected to improve operational efficiency. *Procedural* autonomy implies freedom regarding administrative matters without real authority to take decisions, with but greater authority to implement them.

Autonomy may take a variety of forms. Institutional autonomy implies appointive authority, particularly in cases where staff are not employed as civil servants. Financial autonomy, however, has been granted in recent reforms primarily due to the inability of the public sector to support an expanding higher education sector. A further factor is administrative authority, which plays an important role in facilitating faster implementation of decisions.

The research study examined the issue of institutional autonomy with regard to the following spheres of activity in a university:

- governance and management of higher education institutions;
- academic matters (e.g. curriculum and teaching methods, examinations, research and publications);
- issues relating to the appointment and promotion of academic and administrative staff;
- student admissions;
- matters pertaining to administration and financing.

The study followed a descriptive research design and a comparative approach. Like any study relying on comparative research methodology, the research tried to analyse similarities and differences in the application of autonomy in the selected countries.

The study relied on both primary and secondary sources of data and descriptive statistics to analyse the information. While the secondary data were collected from relevant documents, the primary sources of information were collected from decision-makers and staff at national and institutional levels through interviews and questionnaires. Information from primary sources was collected through semi-structured interviews with national decision-makers, decision-makers at the institutional level (e.g. chairperson of the governing board of the university), the top-level

management team of the university (rectors and vice-rectors), the head of administration (registrar or bursar), and deans of selected faculties and heads of selected departments. Questionnaire-based information was collected from academic staff members and administrative staff.

Based on criteria of introduction of governance reform and levels of development, five countries were selected from the Asian region for analysis: Cambodia, China, Indonesia, Japan, and Viet Nam. These countries vary in terms of levels of economic and educational development and together provide a development continuum ranging from a low-income country (Cambodia) to a high-income industrialized country (Japan). The GER in higher education varies from 5 per cent in Cambodia to 58 per cent in Japan in 2007 (UIS, 2010). This range was expected to provide a comparative perspective on the reforms and their implications in varying development contexts.

These countries also vary in terms of political systems and policy orientations. They include both planned and market economies and centrally regulated and decentralized systems. In the higher education sector, this translates into varying levels of privatization: well-developed private sectors are found in Indonesia and Japan, while a cautious opening of the private sector is now noticeable in Cambodia, China, and Viet Nam. The above-mentioned areas are generic. Each country case study, however, investigates how national governance reforms have affected governance at the national and institutional levels. The institutions for the case study were identified based on size, age, and implementation of reforms in the governance structure.

The countries vary in terms of population size. China is the most populous country with a population size of 1.3 billion inhabitants, followed by Indonesia (222 million), Japan (127 million) Viet Nam (87 million), and Cambodia (15 million). Per capita income varies from \$600 in Cambodia to \$38,210 in Japan. The selected group of countries consists of two low-income countries (Cambodia and Viet Nam with \$890), two lower middle-income countries (China and Indonesia with per capita incomes of \$2,940 and \$2,010 respectively), and a high-income industrialized country (Japan).¹ One point of convergence among all the

1. World Bank Classification is available under:
<http://data.worldbank.org/about/country-classifications>

countries was that their economies were all growing, and growth rates in the less developed countries (all case study countries except Japan) were within the range of 5 per cent to 10 per cent. Similar variations are visible in terms of placement on the Human Development Index; at present Japan ranks 11th while Cambodia ranks 124th (*Table 1.1*).

The selected countries also reflect varying levels of educational development. The adult literacy rates (those aged 15 years and older) are in the order of 90 per cent with the exception of Cambodia (78 per cent), and the gross enrolment ratio for primary education is higher than 100 per cent in all five countries. School life expectancy² is also high among the countries, ranging between 9.8 years in Cambodia to 15.1 years in Japan. Enrolment at the higher education level varies from a GER of 7 per cent in Cambodia to 58 per cent in Japan.

Table 1.1 General and social indicators relating to case study countries, 2008

Country/ indicator	Total population (in millions)	GNP per capita (\$)	Adult literacy rate in 2005–2008	NER primary (%)	NER secondary (%)	School life expectancy (in years)	Human Development Index ranking 2010
Cambodia	14.6	600	78.0	83.0	23.0	9.8	124
China	1 337.4	2 940	94.0	–	62.0	11.4	89
Indonesia	222.3	2 010	–	98.0	60.0	12.7	108
Japan	127.3	38 210	92.0	100.0	100.0	15.1	11
Viet Nam	87.1	890	93.0	96.0	–	–	113

Source: UNESCO, 2011.

The higher education sectors of the five countries also exhibit a number of variations in terms of their main characteristics. Overall student enrolments, dynamism in the growth of enrolments, and share of private enrolments are used hereafter to compare the higher education sectors, together with key characteristics of the present governance system.

2. This is the expected number of years of formal schooling (from primary to tertiary education).

Table 1.2 **Main indicators on higher education
in the five case study countries**

Country/ indicator	Total enrolment 2008 (in thousands)	GER 1999 (%)	GER 2008 (%)	Share of private enrolments ISCED 5A and 6 in 2008 (%)
Cambodia	123.0	2.0	7.0	Approx. 58.0**
China	26 692.0	7.0	23.0	20.0
Indonesia	4 420.0	16.0	21.0	74.0†
Japan	3 939.0	45.0	58.0	79.0††
Viet Nam	1 655.0	11.0	10.0*	11.0‡
World	158 713.0	18.0	26.0	—

Notes: *2007; **Calculated from data provided by Visalsok and Ngoy, 2011; †2010 data from Nizam and Nurdin, 2011; ††2009 data, calculated from Yamamoto and Futao, 2011, *Table 1.1*, not taking into account specialized training colleges; ‡ Thinh and Phuong, 2011.

Source: UIS, 2010 and case study data.

Rapid expansion of the higher education sector is a basic feature of all five countries. While enrolments expanded from the mid-1960s onwards in Japan, this trend is more recent in the other four countries. Comparison of gross enrolment ratios (GER) in the higher education sector according to Trow's classification (2005) shows that Cambodia and Viet Nam still have a system of elite access with a 7 per cent GER for Cambodia and 10 per cent (2004 figure) for Viet Nam. China and Indonesia have clearly moved into a stage of massification with 23 per cent and 21 per cent. Japan has entered the universal stage with a 58 per cent GER (UIS, 2010).

Reforms in higher education in the selected countries

Over the past two decades, the higher education sector in all five case study countries has undergone considerable reform. Despite major differences in the political systems, economic policies, and traditions of the higher education systems, there are common elements in their reforms. These relate to the system's expansion, privatization, and marketization; the revision of curricula and content; the enhancement of research capacity in a select number of HEIs (under excellence initiatives); and the establishment of stronger links with business and industry at national and local levels.

Before 1978, planning for higher education in China formed part of the overall planned economic framework and was based strictly on human

resource requirements in the production sectors. Later, decentralization in finance and management became a recurrent reform theme in Chinese higher education. However, the Chinese higher education reform aimed to position the sector in line with economic reform measures oriented at a market economy. In 1993, the *Programme for Education Reform and Development in China* stated that the central government would henceforth refrain from direct control of education and instead act as a facilitator. The same reform introduced a policy of cost-sharing through the introduction of student fees. From 1997 onwards, privately sponsored students would be able to enrol in Chinese HEIs. More recently, competitive funding has been provided under programmes to Chinese HEIs, enabling them to upgrade their research infrastructure with a view to stimulating research capacity.

In Viet Nam, since 1987, when the *doi moi* reform process began, the country has been restructuring to provide for much greater student enrolment and diversity. This process includes new curricula and teaching methods and an increased role for university research. In the late 1990s, Viet Nam introduced a common entrance examination for all admissions to higher education. New curriculum frameworks were prepared and training programmes standardized. In 2005, the Government adopted *Resolution 14*, also called the *Higher Education Reform Agenda* (HERA), a reform vision containing 32 policy measures to be achieved by 2020. The same reform programme also aims to develop an advanced research culture, a better internationally integrated system, and the introduction of tuition fees to generate more funding for the system. Fourteen national universities, out of the more than 200 institutions in the sector, have been designated as ‘key universities’, and are considered as active research institutes.

Higher education reform in Cambodia after 1979 was marked by efforts to first revive and later rebuild the higher education sector after the fall of the Khmer Rouge regime. These reform efforts received external support from the Eastern Bloc, especially with a focus on filling teaching positions. When foreign staff left in the 1990s, there was a scarcity of qualified staff to teach in universities. This led to the appointment of less qualified lecturers. One of the important reform measures during this period, which was made official in 1999, was the opening up of the sector to private providers to widen access to higher

education. Public higher education started a dual admission policy of admitting fee-paying and government-sponsored students in 2000. In 2003, the *Accreditation Council of Cambodia* was created to regulate the quality of higher education providers, and began accreditation of the newly created foundation year in most existing higher education institutions.

In Japan, reforms in public higher education accelerated from the 1990s in an effort to reposition higher education to meet the changing requirements of the knowledge economy. The Japanese higher education system introduced a system of self-evaluation in 1994 and an external evaluation system in 1998, leading to the creation of the National Institution for Academic Degrees and University Education, (NIAD-UE) in 2004. Since then, a new national accreditation system has obliged all higher education institutions of Japan to undergo accreditation by an authorized agency under NIAD-UE. As part of the same reform process, a competitive funding mechanism was introduced. Selected universities were given the opportunity to establish graduate research centres, while the Ministry of Education (MoE) encouraged universities to expand and deepen their ties with industry. Expectations of a declining demographic pool of future students are exerting pressure on HEIs to increase their competitiveness in the market place.

Higher education reforms in Indonesia were introduced in 1994 to improve quality, enhance autonomy and accountability, and facilitate accreditation and evaluation (Nizam, 2006: 39). At the national level, a buffer organization, the *Board of Higher Education*, and three Councils for Education, Research, and Development, were created in addition to the *Directorate General of Higher Education* within the Ministry. To provide guidance to the many newly established higher education providers, a majority of which were private, the *Board of Higher Education* established national curriculum standards for higher education. These were later abandoned in favour of granting curricular autonomy to HEIs on the expectation that this would lead to a curriculum adapted to local needs. A competitive funding scheme, first for research and then for academic programme development, was introduced during

the 1990s with financial support from the World Bank.³ The government later decided to allocate its funding to universities on a competitive basis targeted to meet specific objectives.

Governance and management of higher education in the selected countries

As in all countries, governance of higher education is the shared responsibility of public authorities (legislature, ministry, or decentralized authorities) and HEIs. It appears, however, that the ministry and/or decentralized public authority are comparatively strong players in all five higher education systems. Several line ministries are involved in the governance and management of higher education – an example of horizontally shared governance. For instance, in Cambodia and Viet Nam, and to a lesser extent in Indonesia, overall governance of the higher education sector is shared among several line ministries. In Cambodia and Viet Nam, this is due to the formerly strong influence of centrally planned systems in the higher education sector, where planning for higher education was based on human resource requirements, and several line ministries were responsible for the training and placement of human resources in their respective sectors.

However, there are also signs of vertically shared governance. In China, in 1998, the *Higher Education Law* placed responsibility for higher education either entirely under the central education ministry or under provincial authorities. In Cambodia and Indonesia the higher education department of the Ministry of Education or another line ministry acts as the executive authority for higher education, whereas in China, Japan, and Viet Nam this responsibility is split between national and regional levels. In all three countries, the MoE is responsible for certain higher education institutions, while provincial authorities are in charge of others. In Viet Nam, the situation is further complicated by the presence of two national flagship universities (Hanoi University and Ho Chi Minh City University) under the direct control of the Prime Minister's cabinet.

3. The University Research for Graduate Education project in 1995, the Development of Undergraduate Education project in 1996, and the Quality for Undergraduate Education project in 1998.

1.2 Reform measures towards increased autonomy

The general trend of providing increased autonomy to HEIs in both academic and administrative areas is found in all five countries. However, the move towards institutional autonomy is at different stages of implementation and often far from complete.

In China, the CCP Central Committee made governance reforms and university autonomy a policy-making priority from the mid-1980s onwards. The 1993 *Outline for China's Education Reform and Development* increased autonomy in the area of financial management through a move from line items to block grants. However, the breakthrough was the 1998 *Higher Education Act*, which granted autonomy to HEIs in seven separate domains. HEIs became legal entities under the leadership of a university president (art. 30), who would be responsible for the formulation of institutional policies and long-term development plans. HEIs were also given the authority to:

- propose enrolment plans (art. 32);
- take decisions and make alterations regarding their own academic offerings, branches of learning, and specialized subjects (art. 33);
- draw up teaching programmes (art. 34);
- act autonomously in conducting research (art. 35);
- decide on the internal structure of departments, assess the performance of teachers, make appointments, and readjust the payment of subsidies and salaries (art. 37);
- manage and use the property provided by sponsors, fiscal funds allocated by the state, and contributions and donations received (art. 38).

As a consequence, Chinese HEIs were provided with considerably more managerial and academic autonomy.

In comparison with China, governance reform of higher education in Cambodia and Viet Nam is still in the relatively earlier stages. In Viet Nam, the 2005 *Higher Education Reform Agenda* (HERA) contains three measures that refer to the introduction of increased autonomy. They cover financial arrangement, human resource management, and curriculum adaptation (Resolution no. 14/2005/NQ-CP). A comprehensive reform is under way, which over the long term will

fundamentally alter the role of the state in the management of higher education. Line ministry control of public HEIs is to be replaced by 'legal autonomy in ... operations, giving [HEIs] the right to decide and be responsible for training, research, human resource management and budget planning' (Resolution no. 14/2005/NQ-CP). Line ministry control is to be replaced by a mechanism for state ownership represented within HEIs and 'community-based monitoring and evaluation'. Furthermore, the role of line ministries will be to 'focus state management on the implementation of ... development strategy, improve the legislative and regulatory environments, and enhance the role of the state in monitoring and inspecting the overall structure' (Resolution no. 14/2005/NQ-CP). In addition to HERA, resolutions and decisions adopted in 2009 and 2010 placed authority for contracting, international relations, and human resource management in the hands of university rectors (Thinb and Phuong, 2011: 30).

In Cambodia, the Royal Decree of 1997 introduced the possibility of transforming selected HEIs into public administrative institutions (PAI). The decree allows selected PAIs to operate under a governing board consisting of representatives from different ministries, the rector/president (permanent member), and a staff representative. In addition, representatives of stakeholders may have seats 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. Non-PAI HEIs still operate under and directly report to line ministries, which are responsible for day-to-day management. PAIs are allowed to use funding generated from fee-paying students and other services for staff incentives, teaching bonuses, and staff development measures. A PAI university can also develop new educational programmes. However, the Cambodian Ministry of Education, Youth, and Sports (MoEYS), through its Department of Higher Education, still 'manages and monitors the educational services of autonomous institutions, including programme and curricular development, and conducts tests and selection for both scholarship and fee-paying students' (Visalsok and Ngoy, 2011: 16). As of 2010, there were only eight public HEIs out of the existing 34 operating under PAI status.

Similarly, in 1999 Indonesia introduced a pilot scheme, under government regulation *PP61*, whereby selected universities could

become non-profit *legal entities* with their own governing board (to which the university would report) and make major administrative and academic decisions. The role of the government in such cases would change from regulating and controlling to facilitating, empowering, enabling, and aligning the development of these HEIs. The reform foresaw the provision of a block grant to these universities, contrary to other HEIs which continue to receive a line item budget. All staff of these HEIs would change from civil servants to university employees. In 2009, Parliament passed the *Law on Education as a Legal Entity* with the aim of rolling out this reform to the entire university sector. In January 2010, a government regulation (*PP17*) established the operational framework for the law. Following *PP17*, a decision was issued to extend the status of autonomous HEIs to all public universities by 2012, and all other HEIs by 2014. However, in April 2010 the Constitutional Court revoked the new law. As a result of this ruling, the legal entity institutions lost the legal framework to operate. As a transitional measure, the government issued regulation *PP66* to complement *PP17*.

In Japan, in 2004, the *corporatization policy* transformed universities into national university corporations. HEIs were given a new governance structure and increased autonomy over financial and human resource management and decisions on organizational structure. Under the corporatization policy, each university would devise a six-year strategic plan for approval by the Ministry of Education and Training (MoET). Evaluations would be conducted at the end of each six-year period following implementation. The governing board would comprise external administrators and an executive management (president and top executive management) team, replacing the formerly collegial decision-making structure of national universities. More competition was introduced for the allocation of public resources. *Table 1.3* presents a comparative picture of measures announced under different reform packages. These refer to the legal provisions made by the reforms.

Table 1.3 **Comparative picture of autonomy measures across countries**

	China	Viet Nam	Cambodia	Japan	Indonesia
Change in legal status	University acquiring status of a legal entity	Not specified	New status of public administrative institution	National university corporation	Universities legal entities under civil law
More autonomy in selecting university leaders	No	No	No	Board of directors with selection by presidential selection committee with external experts	Rector selected by board of trustees
Increased power for governing bodies	Yes (president and management team)	Yes	Yes	Board of directors with external representation	Board of trustees with stakeholder presentation. Rector reports to board
More autonomy for organizational structure	Yes	Yes	Yes	Yes	Yes
Creation of new academic programmes	Yes	Yes	No	Autonomy already in place	Left to autonomous universities
Determination of research agenda	Yes	Not specified	Yes	Autonomy already in place	Left to autonomous universities
Academic staff become university personnel	Yes (on a contract basis)	Yes	No	Yes (before civil servants)	Yes
More autonomy in recruitment of academic staff	Yes	Yes	Not specified	Yes	Left to autonomous universities
More autonomy in performance measures and setting staff salaries	Yes	Yes	Yes	Yes	Left to autonomous universities

	China	Viet Nam	Cambodia	Japan	Indonesia
More autonomy in financial management	Block grant allocation, incentives for income generation	Budget planning	Yes (in particular for funds generated from fee-paying students and other services)	Block grants, competitive funding for teaching, and research	Intended in 2002 to move away from line item budget to block grants based on outputs (number of graduates), however could not be implemented. Expectation of income generation, universities allowed to set their own tuition fees
More autonomy in the management of buildings and premises	Yes	Not specified	Not specified	Not specified	Yes, but implemented in only one legal entity

In all countries, increased autonomy was accompanied by the introduction of new accountability measures, the most common among which was the creation of a quality assurance mechanism at the national and sometimes institutional levels. At the national level, in most countries, the creation of quality assurance is strongly linked with a move towards the market, and in particular the entry of private providers into the higher education sector. But it is also clearly linked with a changing understanding of the role of the state in education, characterized as 'steering at a distance', with a heightened focus on policy-making, regulating, facilitating, and negotiating, and where monitoring and evaluation (M&E) play a crucial role. Quality assurance agencies have thus become a key instrument for implementing M&E in the higher education sector.

Indonesia and Japan were the first to introduce new quality assurance mechanisms during the 1990s, as a result of their high level of private enrolments. In Indonesia, accreditation was introduced as early as 1994 with the establishment of the National Accreditation Board for Higher Education (BAN-PT). In 2003, the National Education System Act made programme accreditation compulsory for both the public and private HE sector. Japan already had a voluntary accreditation system established in the post-war period and based on the American system. In 1991, requests for higher education to increase its contribution to national competitiveness and economic development became a strong driver for reform. The Japanese Government responded in 2000 by creating NIAD-UE. Since 2004, evaluation has become compulsory and a newly formed evaluation committee evaluates each national university corporation every six years.

In China, evaluation of HEIs became a policy-making issue in 1990, leading to the development of an evaluation methodology and the conducting of voluntary evaluations. Eventually, in 2003, a decision was taken to make institutional evaluation of the HEIs a compulsory procedure to be implemented every five years. In 2004, a *Higher Education Evaluation Centre* (HEEC) was created for this purpose. In addition, there are provincial and private evaluation agencies, as well as municipal or provincial education commissions, all of which perform evaluation work. The current aim is to unify the assessment approaches

of these numerous providers across the diverse Chinese higher education system.

In Viet Nam, the *General Department for Educational Quality Assurance, Accreditation, and Testing* (GDETA) was created in 2003 under MoET with the mandate to establish an accreditation system and to coordinate the national entrance examination test. In 2007, with the support of several project activities, GDETA developed and pilot tested a set of quality standards for institutional accreditation. In the HEIs, project activities supported the creation of 77 *Units for Quality Assurance* within universities. In addition, 60 provincial *Centres for Quality Assurance Accreditation and Testing* have been founded in the 63 existing Departments for Education and Training, with responsibility for external quality assurance of provincial universities.

Finally, Cambodia established the *Accreditation Committee of Cambodia* (ACC) in 2003 as a response to perceived lax standards in the higher education sector, in particular among the manifold new private providers (57 in 2010). At present, however, due to difficulties in building up institutional capacity, ACC has focused mainly on the newly established foundation year programmes.

Autonomy and changes in governance and management

The granting of autonomy has brought about far-reaching changes in the governance and management of institutions. The country studies analysed some of these changes focusing on newly established structures of governance, changes in financial management, staff recruitment, and accountability measures such as mechanisms to ensure the quality of higher education. The following sections detail trends linked to the autonomy exercised by institutions with regard to some of these areas.

Autonomy and new structures of governance at the institutional level

In Cambodia, the introduction of PAIs brought about substantial changes in the academic and administrative decision-making process. Universities established governing boards to which university rectors became accountable. In Japan, following the introduction of the National University Corporation Law, management of institutions was reorganized

around private sector and business models. Universities established a board of directors to which the president was accountable. The universities prepare six-year medium-term plans, which are evaluated by the evaluation committee of the national university corporation; the committee then takes decisions on several aspects including financial allocations. The president of the university is selected by a presidential selection committee, which includes experts from within the university and outside. Other bodies include an executive board, administrative council, and an education and research council, many members of which come from outside the university.

In China, the higher education law of 1998 made universities autonomous with their own governing structure. This consists of three agencies: (i) a university council dealing essentially with strategic matters and issues related to administration and external liaison; (ii) an academic and degree committee dealing with academic issues, regulating teacher qualifications, and awarding degrees; and (iii) a staff union dealing essentially with staff welfare issues. Chinese universities also have a standing committee of the Communist Party of China (CCP), which has the authority to appoint deans and senior administrators. The president of the university is appointed by the Ministry of Education. New administrative structures were also created at the East China National University (ECNU), including an Office of International Education and Planning, a Foundation for University Development, an alumni association, and so on.

In Indonesia, as mentioned earlier, university autonomy was granted by transforming universities from government institutions to independent legal entities. Seven of the public universities are legal entities – autonomous universities. They have established boards of trustees with representatives from the government (e.g. the Minister of National Education, local governor), industry, alumni, prominent figures in education, and the academic community. The board is the supreme body in an autonomous university, with the authority to select and appoint the rector, and approve the strategic plan, annual programmes, and the budget plan.

In Viet Nam, a people's committee heads the hierarchy and a rector board reports directly to the committee. The personnel office regulates

functions, missions, and relations between An Giang University (AGU) offices and faculties. The planning and financing office in consultation with the rector board prepares plans, budget estimations, and so on.

The trends identified here indicate a number of elements that are common to the new structures. These include the creation of a stronger executive at the institutional level, and the establishment of governing bodies and a board of directors or trustees to which the president or rector is expected to report.

Autonomy and financial management

Resource allocation mechanisms and fund flow patterns changed in many universities as a consequence of the increased autonomy granted to institutions. In some cases, resource allocation mechanisms are now more criteria-based and transparent.

In Cambodia, resource flow mechanisms take two routes. In the case of PAIs, the university budget flows directly from the Ministry of Economy and Finance to the institutions. In the case of non-PAIs, resources flow from the Ministry of Finance (MoF) to the MoE, and from the Department of Finance in the MoE to the institutions. Of the two, the PAI route seems faster and more efficient. In addition, PAIs are able to keep and manage funding generated within the HEI. At the two case universities, increased funding could be used for infrastructure development, such as new lecture halls, laboratories, and teaching and learning facilities, as well as to increase staff numbers. This change was accompanied at the Royal University of Agriculture (RUA) and the National University of Management (MUA) by the creation of an internal audit office.

In Japan, all national universities became national university corporations in 2004, resulting in a decline in the share of public funding. For example, in 2004 public funding accounted for 49.6 per cent of the total income of Hiroshima University, but by 2009 this had declined to 38.6 per cent. Cost recovery including student fees constituted less than 15 per cent of the total revenue of the university. The income from commissioned research increased, but the increase was not very substantial. Overall, it seems that reliance on public funding continued even after the introduction of national university corporations. Public

funding of private universities declined to 12 per cent and fees accounted for nearly 60 per cent of the income of private universities. As competitive funding for research increased, so did its share. However, the increase in the share of competitive funding to total income is not substantial, increasing from 6.7 per cent to 7.3 per cent of total revenue.

In China, sources of funding for universities changed as a result of the higher education law passed in 1998. Prior to the law, universities received 100 per cent of funding from the line ministry. During 2000–2008, the share of private income increased from 34.8 per cent to 49.2 per cent at ECNU, while the remaining income (50.8 per cent) came from government sources. These non-governmental sources included alumni, society, student fees, and contract research, among others. In many universities, local governments provide a portion of public funding. Some local governments have significant funds at their disposal and are willing to invest more in higher education, while others are not in a position to contribute substantially.

In Indonesia, the transformation of Gadjah Mada University (UGM) into a legal non-profit entity has facilitated the creation and management of revenue-generating activities, including commercial ventures, on condition that the income generated is reinvested in the development of the university. In 2001, UGM established a holding company, Gama Multi Usaha Mandiri (GMUM), to manage commercial ventures, but financial gains remained rather small. In general, however, private revenue doubled from 2006 to 2009 in nominal terms. UGM also established an endowment fund with the support of philanthropic donors in order to reinvest generated income. Financial management has been restructured through the integration of decentralized accounts into a unified double-entry accounting system. The new system gives the university some flexibility to directly use any revenue they have generated and then report to the MoF. The Ministry was reluctant to give the assets to the autonomous universities with the exception of one legal entity university. On the accountability front, an Internal Audit Unit was established under the Board of Trustees, which regularly conducts financial audits for all units. Despite a promise that the autonomous universities could set tuition fees, a law was enacted which stipulated that the amount of tuition fees should not exceed 30 per cent of operating

expenses. The same law also mandated that at least 20 per cent of places in public universities should be allocated to students from poor families.

In all instances, increased autonomy has led institutions to seek more resources from non-government sources and engage in income-generation activities, leading to an enhanced share of private income in all institutions of higher education.

Autonomy and staff recruitment/management

In China, there are set criteria for staff evaluations and promotions which are strictly adhered to. The process entails evaluation of junior staff up to the level of associate professors at the departmental level, with professors playing an important role. University-level evaluation is carried out for promotion of professors and senior staff. However, staff recruitment policies are decided by the university and not at the departmental or school level.

In Japan, prior to the transformation of national universities into national university corporations, faculty members were civil servants. This implied that recruitment, placement, salary, and regulation of their activities were carried out by the central government. In practice, this resulted in greater academic freedom and autonomy for professors at the institutional level since control over them was exercised by the central government. Following the creation of national university corporations in 2004, however, faculty members have ceased to be civil servants. Furthermore, universities have increased the number of fixed-term appointments. For example, in 2006, 77 national universities applied fixed-term appointments to less than 10 per cent of faculty members. By 2009, 81 national university corporations had applied fixed-term appointments to 18 per cent of total faculty members, including some full professors. However, it is believed that while the professoriate now enjoy greater autonomy, this has come at the expense of the power and authority previously vested in them.

In Indonesia, similar to Japan, the governance reform was intended to permit legal entity universities to transform civil servant staff into university staff over a period of 10 to 15 years following the change of status. However, after introduction of the reform, the government decided to freeze civil servant recruitment in the legal entity universities

to oblige these universities to recruit university staff. However, the MoF blocked the introduction of the promised block grant system for operational expenditure on the basis that public funding to universities has to follow Government Treasury Law. Legal status universities were thus obliged to finance academic staff recruitment exclusively from their own resources. This led at UGM to a decrease in the recruitment of academic staff and a reversal of the procedure in 2006, when UGM requested government to revert to the former system of civil servant recruitment. Furthermore, a national policy of academic staff certification linked to a major increase in salaries for civil servants made recruitment as a university staff member very unpopular. However, at UGM, under a new staff management system, several incentive schemes were developed for the staff which were said to reduce staff absenteeism and boost work performance.

It is interesting to note that some case study countries reported a number of unintended effects. For instance, in Cambodia the reform led to an increase of teaching responsibilities at the two case universities due to the increase in fee-paying students. As a consequence, university lecturers have had less time to devote to research and thus advance in their research careers. In Indonesia, at UGM, the new governance framework allows each department to recruit staff from generated resources on a contract basis. As a consequence, there is an expectation that this will lead to imbalances in the availability of administrative staff across departments. In many cases, staff selection and performance evaluation have become key concerns at the institutional level.

In addition, many universities are in a process of transition from civil service status to fixed-term appointments by universities. As a result of this change in status, the professoriate in many instances has lost its collective bargaining powers.

Autonomy and measures to improve the quality of higher education

In all five case study countries, there used to be detailed ministerial guidelines for higher education curricula. These were abandoned in China, Japan, and Indonesia during the 1990s, and more recently (in 2006) in Viet Nam.

In Japan, self-monitoring and self-evaluation were established at the faculty level and, in some organizations, faculty committees were created for this purpose. With direct reference to the corporatization policy, a national evaluation report states that due to the policy ‘universities could make more effort on student services’, and also that the corporatization policy ‘helped them to improve educational activities through their newly revised admission policy, curriculum policy, student evaluation, and so on’ (Yamamoto and Futao, 2011).

In Cambodia, the achieved increase in extra-budgetary resources as a result of PAI status played a major role in helping to ‘improve the facilities of the universities studied, the quality of lecturers, and led to changes in teaching and learning methodologies’ (Visalsok and Ngoy, 2011).

In China, increased autonomy to HEIs in the area of curriculum development, as a result of the 1998 higher education law, led ECNU to undertake a major reorganization of departmental structure and to increase considerably the number of programmes.

Similarly, in Viet Nam at AGU, since 2006, academic units have had to conduct employer and student surveys with a view to revising the curriculum, the training programmes, and training methods. Units had to prepare course syllabi and prepare for student evaluation feedback. Existing curricula were also organized under a credit point system and the content of courses is now publicized for each school year. Lecturers were strongly encouraged to apply information technology for teaching. As a direct effect of increased autonomy, there has been a rapid increase in the number and types of training programmes offered at AGU.

It should also be noted that, in addition to the external quality assurance mechanisms created in all five countries, universities in China, Indonesia, and Viet Nam have set up centres for internal quality assurance. In Indonesia, these centres became compulsory in 2003. UGM, the first new unit established after the new legal entity status, hosts the Office of Quality Assurance, which developed an internal quality assurance system for the whole university. In addition, the newly gained autonomy in the academic area has allowed the university to develop many new graduate programmes (both at the master’s and PhD level), and introduce innovative teaching and learning methods. Furthermore,

the university claims that the legal entity status helped it to increase local student selection from 40 per cent to 80 per cent in 2010, which ‘improved the quality of student intake in terms of socio-economic proportion as well as regional distribution’ (Nizam and Nurdin, 2011). The new status has also produced significant improvements in students’ grade point averages (GPAs) and average time for study completion.

1.3 Did autonomy change governance and management?

Perceptions of change

Perceptions varied among the national authorities regarding the underlying reasons for granting autonomy. Institutional effectiveness was one of the common concerns in many instances. In Cambodia, it is felt that autonomy ensures a higher level of performance among institutions and helps them to follow higher education policies and programmes formulated by the government. In Viet Nam, the national authorities felt that autonomy contributed to increased institutional effectiveness and a reduction in workload and pressure at the national level. At the national level, fewer functionaries are needed now than before the implementation of reforms related to autonomy. In general, increased autonomy has reduced bureaucracy and direct control of institutions. The decision-making process has become faster and easier.

Institutional leaders in all cases felt that the reform has led to more authority at the institutional level to take decisions and implement them. This freedom is also accompanied by additional responsibilities of mobilizing resources and has subjected the institution to accountability measures such as quality control mechanisms and performance evaluations. The responses at the institutional level reflect this tension among decision-makers – happiness with the newly acquired freedom and authority combined with concern regarding the additional responsibilities of planning and compliance with accountability measures, and the pressure to mobilize resources.

In Cambodia, institutional level managers feel that there has been decentralization of decision-making to the faculty and department levels. Issues related to curriculum and staff promotions are now decided at the department/faculty level. In China, departments and schools now enjoy more autonomy, which allows them to prepare plans for staff

recruitment and the allocation of funds. The heads have full authority over the resources mobilized by the department.

In Japan, institutional managers feel that autonomy has contributed to more flexibility and helped obtain more research grants. In Viet Nam, institutional managers feel that enhanced autonomy has helped to make institutions more active and creative, and has helped to mobilize more resources. The reform has increased operational efficiency in staff management with specifications regarding qualification and recruitment procedures, and so on, now decided by the institutions. This has also helped to reduce workload at the national level. However, it is also felt that the full benefits of autonomy could not be realized because of the seeming inconsistencies in the guidelines provided by central and local governments.

A majority of university staff in Cambodia feel that autonomy has given them greater freedom to develop new study programmes, introduce new courses, set research priorities, introduce cost-recovery measures, and so on. However, a majority of teaching staff feel that increased autonomy has increased workload – both administrative and academic. In China, academic staff feel overwhelmingly that, after the reforms, academic autonomy increased both at the institutional and individual levels. The freedom to develop curricula and courses, and set research priorities, has increased. This is accompanied by increased autonomy in issues related to staff management and student admissions. However, staff members feel that autonomy has resulted in only very limited change in administrative procedures and decision-making structures, and so on. Both in China and Japan, academics feel that increased autonomy has led to an increase in the administrative workload of academic staff.

This is particularly the case in the context of competitive research funding, as faculty members are now able to interact directly with industries to organize collaborative research activities. There is a feeling among academic staff in Japan that relatively more freedom is enjoyed by top administrators, as they now control more personnel, materials, and funds than before.

The administrative staff in most countries feel that procedures have become less complex and processes have become quicker and faster. In some instances, autonomy has led to the centralization of power at the

rector level. This is more so with issues related to the mobilization of resources, as these require more centralized decisions.

1.4 Concluding observations

The country studies reveal similarities and variations in the application of autonomy in different contexts. It appears that university autonomy is more centred on procedural matters in less developed countries. Autonomy, both at the substantive and procedural level, has become a reality in countries such as Japan, which are advanced. The move towards autonomy did not succeed very well in Indonesia partly due to the perception of financial uncertainty resulting from the withdrawal of the state, in part because of a lack of coordination among different ministries. Such uncertainties acquired greater importance in less developed countries, as their capacity to mobilize resources from non-state sources is more limited.

Political orientation and traditions play an important role in the way autonomy is perceived and implemented. For example, in the state-dominated economies the state prefers to maintain a role in all decision-making areas, which in practice reduces institutional autonomy and its areas of operation. In countries where the management model is more bureaucratic, the introduction of autonomy may require time for people to adapt to the new forms of governance and management and decision-making structures. For example, among the countries selected, Japan has a strong tradition of collegial governance, while other countries have more centralized systems. In some of the countries, the ruling political parties have a strong influence and presence within the universities. In China and Viet Nam, for example, the Communist Party and their representatives exercise influence over the decision-making process. For example, the Standing Committee of the Chinese Communist Party of ECNU has the authority to appoint the deans and senior administrators of institutions. In these instances, influence is exercised by the Party, not by the Government, although these two (Party and Government) cooperate very closely. In the case of the socialist countries, it appears that party control is a salient element of governance. The autonomy reform therefore implies that party control has shifted from the ministry to the institutional level.

Autonomy becomes a meaningful concept only when it is applied effectively. The translation of autonomy from an abstract concept to

operational practice depends on institutional leaders. Institutions with strong leaders benefit more from autonomy than those with less strong leaders. In all cases, the governance reforms have further strengthened the role of the institutional head.

Autonomy in all instances has also led to more centralization of power and authority at the university level – in the office of the president/rector. Chief executive officers (CEOs) of universities have become more powerful than before in all of the countries studied. Some of the institutions were very bureaucratic in their procedures, and delays in decision-making have been reduced as a result of greater autonomy. This is primarily due to the need to take decisions pertaining to the financing of various programmes, to evolve strategies for resource mobilization, and so on. Even though the number of meetings and the participation of staff members in meetings at the departmental and faculty level have increased, it is not clear from the studies whether such participation has increased the influence of academic staff in decision-making. The studies show that stakeholders perceive that autonomy has increased administrative efficiency, the capacity to mobilize resources, and the amount of resources mobilized by the institutions. However, it is not clear from the study whether or not the granting of more autonomy has led to improvement in the quality of services provided by the universities. It has been pointed out that some universities have established internal quality assurance structures. However, the creation of these bodies, although a necessary condition, is not necessarily sufficient for ensuring quality. These areas require further research as a follow-up to the present studies.

The case studies also show that autonomy policies need certain conditions to become successful. First of all, autonomy requires coherent national policies. Two of the five case study countries are characterized by horizontally shared governance (HEIs are placed under numerous line ministries), and in three of the case studies there is vertically shared governance (HEIs are placed under central and decentralized government structures). In the case of decentralized governance, Viet Nam experienced a lack of coordination between national and regional levels with regard to 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 extremely important factors in the successful implementation of policies aimed at increased autonomy.

Second, the introduction of autonomy should be organized as a process. All case study countries have introduced increased autonomy in a progressive manner with multiple reform layers, each building on the previous one. This was particularly the case in Viet Nam, where government resolutions built one on the other in a clear process. Such a progressive introduction of autonomy layers helps HEIs to progressively adapt and learn. Cambodia stated that the PAI reform is only a first stage in the granting of increased autonomy, as the regulatory environment remains quite constrained.

Third, introducing increased autonomy can be piloted in a limited number of HEIs. Two of the five case study countries (Cambodia and Indonesia) introduced increased autonomy to a select number of HEIs, while the other three countries opted for governance reform across the sector or in one of its segments (Japan selected only national universities). While piloting increased governance has the advantage of experimentation with a lower level of risk, generalization thereafter may become difficult, as was shown by the Indonesian experience. It is necessary to bring elements of autonomy in 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 to grant increased autonomy to all higher education institutions.

Finally, the analysis has helped to conclude that autonomy should not be considered as an aim in itself, but as a means to an end. The introduction of autonomy should be in keeping with the national context (including administrative capacities) and should be well aligned with a policy context. There is, thus, no one model for ideal governance reform in higher education; instead, autonomy reforms need to be considered as a *means* within a broader reform agenda.

II. GOVERNANCE REFORMS IN HIGHER EDUCATION: A STUDY OF INSTITUTIONAL AUTONOMY IN CAMBODIA

Touch Visalsok, Mak Ngoy, and You Virak

2.1 Introduction

The surrender of the Khmer Rouge in 1997 led to significant changes in Cambodia, not least in the education sector. The Royal Government of Cambodia recognizes the importance of higher education and research, and the sector has experienced reforms and rapid changes with an explosion in the growth and expansion of higher education in the country. As of 2011, there were 91 higher education institutions (HEIs), a majority of which (nearly 63 per cent) were private higher education institutions, while the remainder were public institutions. Total student enrolment at HEIs stood at 263,000 in 2010 (MoEYS, 2011), representing a twelve-fold increase since 1996. This explosion in enrolment was due primarily to reforms that encouraged the expansion of private HEIs and the introduction of fee-paying students in public institutions. These helped to expand the sector without additional burden on the public exchequer.

The higher education sector in Cambodia consists of universities, academies, and independent schools/institutions. The universities are entitled to award degrees at bachelor, master's, and doctoral level, and offer multi-disciplinary fields of study. There are 39 universities of which 13 are public and 26 are private. The academies are advanced/comprehensive research and education institutions providing advice to the government on social, political, and economic issues and operating as think tanks. There are currently two academies in Cambodia: the Royal Academy of Cambodia (RAC) and the Police Academy of Cambodia (PAC). An institute or independent school is an HEI offering technical and vocational courses and/or programmes of study. They include institutions offering higher degrees such as the Institute of Technology of Cambodia, and those offering specialized courses such as English and computer science. There are 34 HEIs in Cambodia of which 14 are public and 20 are private.

Total enrolments have increased noticeably from 12,783 in 1993 to 263,000 in 2010. This has led to a remarkable increase in the total

number of graduates from 2,908 in 1993 to 29,008 in 2010. This increase has been attributed mainly to the privatization policy of HEIs.

A similar trend has been observed with staff development. There are currently 10,566 faculty members teaching at both public and private HEIs, the majority of whom (65 per cent) hold postgraduate degrees. The number of faculty members holding a doctoral degree (presently only 6.5 per cent) is also expected to increase in the future, as many local universities have made doctoral programmes available.

2.2 Reforms in higher education in Cambodia

The country has experienced far-reaching reforms especially since the late 1990s. These reforms were an effort to respond to national needs and to cope with global changes. The major reforms included privatization, the transformation of public institutions into public administrative institutions (PAIs), the establishment of accreditation agencies, and the formulation of new higher education legislation.

The Royal Government of Cambodia (RGC) introduced a new policy in the mid-1990s to allow the private sector to participate in the provision of higher education. The first private university to be established in Cambodia was Norton University in 1997. The success of this venture encouraged the creation of several other universities in Cambodia in the 2000s. The privatization measure was a major factor in the rapid expansion of the sector. At present, private HEIs account for a large share of enrolment in higher education.

Another important reform was the transformation of public HEIs into PAIs. In 1997, the Government introduced a *Royal Decree on the Legal Status of Public Administrative Institutions* (PAI). This reform laid down the criteria for public agencies and institutions to transform themselves into autonomous agencies/institutions. The objectives of this reform were to reduce the financial burden on the Government, to shorten budgetary processes of public HEIs, and to enhance the quality and relevance of higher education to meet the requirements of the labour markets, and social and economic development. In 2010, there were eight public HEIs operating under PAI status.

As part of the PAI reform policy, the Government introduced cost-recovery measures in public institutions. The Government introduced the possibility for HEIs to recruit fee-paying students in public HEIs in 2000. This reform also helped to boost enrolment in higher education without reliance on public funding.

A third set of reforms pertains to the creation of quality assurance mechanisms. On 31 March 2003, a Royal Decree established an *Accreditation Committee of Cambodia* (ACC). This decree stipulates that all HEIs in Cambodia must obtain accreditation status from the ACC in order to confer degrees, based on the established criteria and indicators. The ACC has undertaken initial efforts to accredit the foundation year programmes of most existing institutions, and plans to continue accrediting institutions over the next two years.

In 2007, the National Assembly passed a new law on education. This visionary legal instrument for effective and efficient governance and development of the Cambodian education sector, including the higher education sub-sector, provides directions for the future development of the higher education sector.

Although a number of changes in university governance and management have taken place in Cambodia, one key change was the transformation of public HEIs into PAIs, thereby granting them a degree of autonomy and accountability to run their institutions. The effectiveness of the reform, however, has not yet been the subject of close study. The present study, therefore, was undertaken to examine the effectiveness of reforms in steering policies and governance structures and their impact on the management and managerial effectiveness of higher education, at both national and institutional levels. The specific objectives of the study were to: (i) study the evolution of steering policies and new governance structures at the system level; (ii) examine the implications of steering policies and new governance structures to manage higher education at the national level; and (iii) analyse the implications of steering policies and governance structures for institutional effectiveness in higher education.

The two institutions chosen for the study were the Royal University of Agriculture (RUA) and the National University of Management (NUM), both of which acquired PAI status over five years ago. The

study used a qualitative approach (exploratory design). A structured interview approach using open-ended and closed-ended questions was employed to collect data. Six national decision-makers, 24 institutional decision-makers, and 61 academic staff of the two chosen universities were interviewed.

2.3 Governance reforms at the national level

Important elements of the governance reform:

Focus on autonomy

Several major elements of governance reform were introduced at the national level. The first, and perhaps more important, was autonomy in financial management. With PAI status, a university is given opportunities to generate income from educational, research, and consultancy services. The generated income, in turn, may be used for institutional development including staff incentives, teaching bonuses, and even staff employment. A second important element of the governance reform was accountability of quality of education. A PAI university can develop new educational programmes and be held accountable for its educational services. An additional element proceeding from the governance reform was that administrative processes and organizational structures are often quicker and more efficient than those of non-PAI institutions.

The process of implementation: Changes in governance structure at the national level

The process of gaining PAI status requires the approval of the parent ministry and the Prime Minister. The ease or difficulty of acquiring this depends on the proven capability and accountability of the academic and financial management of the university. Once approved, a PAI is governed by a governing board (GB) consisting of at least five representative members from the ministries involved, including the parent ministry, the Ministry of Education, Youth and Sport (MoEYS), the Ministry of Economy and Finance (MoEF), and the Council of Ministers. The rector/president is a permanent member of the GB and manages the daily performance of the university. The GB is responsible for producing the budget plan and taking important decisions, thus reducing the workload of the parent ministries. This could lead to changes in the governance

structure of the parent ministries, since educational quality is largely assured by the ACC, an independent body of the Council of Ministers.

Regulations at the national level

In order to improve the effectiveness and efficiency of HEIs in Cambodia, a number of regulations have been issued. These are the following:

- *Royal Decree on Legal Statues of Public Administration Institution* (1997);
- *Royal Decree on Education Law* (2007);
- *Royal Decree on Accreditation of Higher Education* (2003);
- *Sub-Decree on University Establishment* (2002);
- *Brakas (circular) on Details Criteria on the Establishment of HEIs* (2007);
- *Resolution on Curricula Implementation in Credit System and its Transfer in HEIs* (2004);
- *Decision on Requirement of Conducting Foundation Year Programme* (30 credits) – as year 1 of four-year bachelor's degree programmes (as of the 2005–2006 academic year).

Relationship between the MoE, buffer institutions, and autonomous institutions

All of Cambodia's HEIs, including those that are private, are registered at the MoEYS for the purposes of regulation. The Ministry, through the Department of Higher Education, manages (i.e. ensures quality improvement and institutional performance) and monitors the educational services of autonomous institutions, including programme and curriculum development, and conducts tests and selection for both scholarship and fee-paying students. The ACC was criticized on the grounds that it fell under the Council of Ministers (an executive arm of the RGC) and did not have constituent membership sufficient to present itself as credible in Association of Southeast Asian Nations (ASEAN) countries and beyond. There was stalling, in other words, on progress towards achieving international parity. The ACC has been working to legitimize the accreditation process of HEIs, although priority at the moment is given to foundation year programmes. The ACC is also

supposed to report to MoEYS to take measures against HEIs that have been disqualified or do not meet its set criteria.

2.4 Effect of governance reform: Autonomy at the institutional level

Areas affected by introduction of autonomy: Academic, financial, human resources, and governance and management

Increased autonomy to HEIs brought about many remarkable changes, including to: student enrolments, admission and student management, academic programmes, decision-making structures, administrative procedures, financial management and corporatization, and staff management and evaluation.

Overall, student enrolment and numbers of graduates appear to have increased significantly following introduction of the reform. For example, in 2000 there were about 19,501 students of which 6,860 and 12,641 were scholarship and fee-paying students, respectively. By 2009, national enrolment had jumped to 67,183, the majority of which (55,156) were fee-paying students (*Figure 2.1*). The situation is similar in the universities selected for this study. Before the reform (academic year 1999/2000), the total number of students at RUA was 187; this increased to 713 students after two years, and to 2,795 in the 2010/2011 academic year. Likewise, the total enrolment of NUM was observed to increase threefold from 5,941 students in 2004 to 18,189 students in the 2010/11 academic year (*Figure 2.2*). As a result of increased enrolment, staff numbers also increased sharply in the two universities studied. For example, the staff of NUM increased from 108 in 2004 to 334 in 2010. Staff retention was ascribed to the increased income generated from various non-governmental sources.

Increased autonomy was also reported to provide more academic freedom, increase resource flows, attract qualified human resources, and, in particular, improve governance and management of the university (*Figure 2.3*). Furthermore, decentralization of budget operations ensures that education institutions have the resources to run effectively and allows for more flexible spending decisions at the grass-roots level.

Figure 2.1 Fee-paying, scholarship, and total students
in higher education

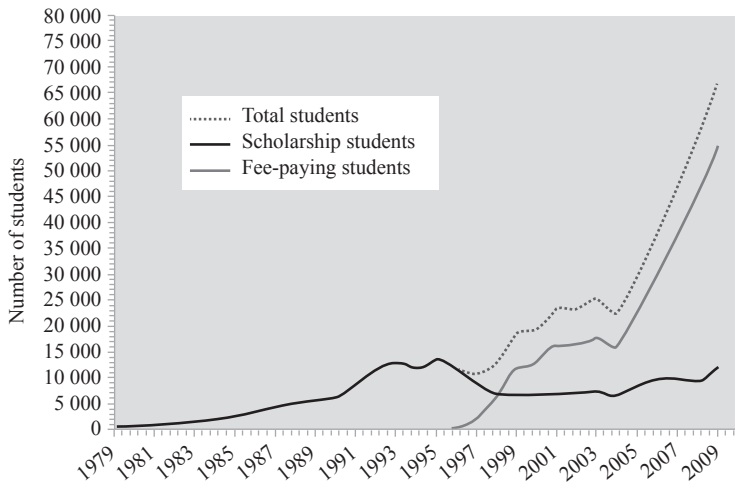


Figure 2.2 Student enrolment in RUA and NUM

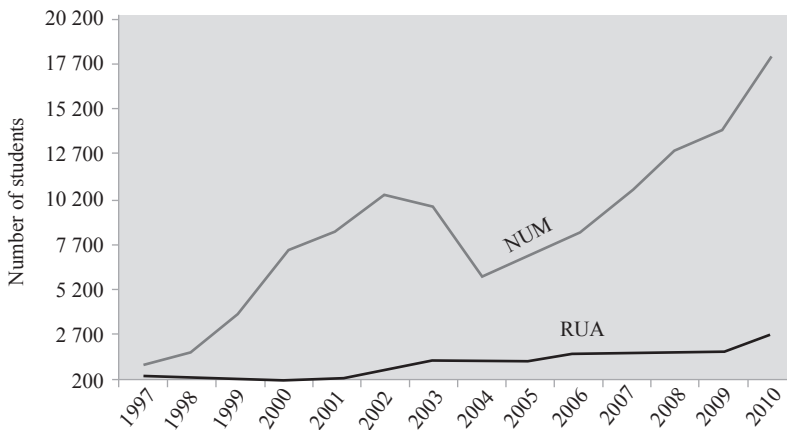
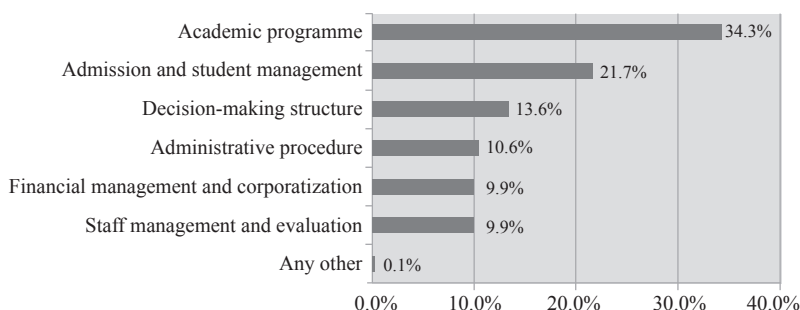


Figure 2.3 Effects of increased autonomy in some areas of university activities



Changes in the governance structure

Increased autonomy made public HEIs more responsible and accountable to their stakeholders. The highest body in an autonomous HEIs is the GB. According to the *Royal Decree on the Legal Status of a Public Administrative Institution*, the GB in a PAI university consists of five to 11 members. The core members of the GB are as follows:

- representative of the parent ministry;
- representative of the MoEF;
- representative of the Office of the Council of Ministers;
- the rector of the university;
- representative of the university staff (administrative and academic).

Beside the core members, representatives of other stakeholders can have seats on the GB. Board members are appointed by government sub-decree for three-year terms, which can be renewed. The university staff elect a representative of university personnel. For private universities, the board members comprise the preferred stakeholders of the owner. The mission of a GB of a PAI is to direct and monitor the institution. Its duties are to:

- review and make decisions on the development plan of the institution;
- review and decide on annual revenue and expenditure, and the annual budget of the institution;
- review and decide managerial reports and annual financial reports;

- determine the organizational structure, roles, and duties of the entities of the institution;
- determine the policy for staff selection and promotion, and the numbers of staff;
- decide on procurement contracts;
- approve the internal rules and regulations of the institution;
- evaluate on a regular basis the performance of the institution.

The rector of a PAI is the chief executive officer and reports directly to the GB. The role and responsibilities of the rector include:

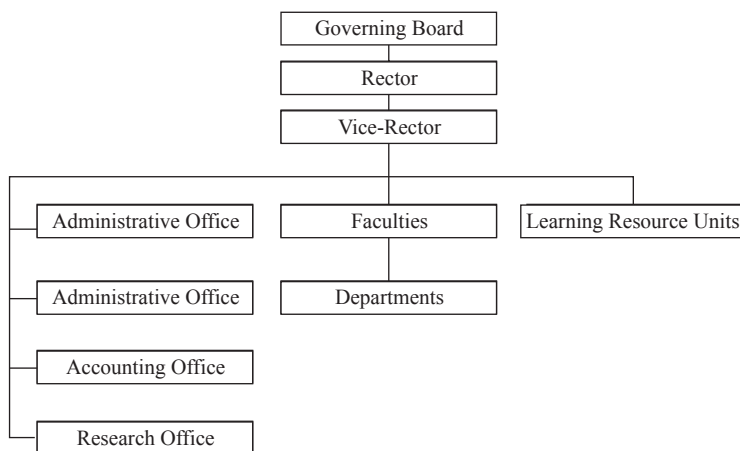
- arranging the meetings of the board;
- communicating with third parties;
- implementing the policies and plans determined by the board;
- preparing the annual budget and submitting it to the board for approval;
- recruiting staff to fill the positions of the institution as approved by the board;
- implementing the procurement plan approved by the board;
- performing administrative and managerial functions listed in the internal regulations with the agreement of the board.

All public HEI full-time staff are civil servants, and the appointment process has to comply with regulations for governmental staff. The rector is appointed by Royal Decree with a proposal for appointment sent by the Prime Minister to the King. The vice-rector and dean are appointed by sub-decree, proposed for appointment by the parent ministry to the Prime Minister. Vice-deans, heads of department, and heads of office are appointed by the parent ministry on the recommendation of the rector of the university (*Figure 2.4*).

Figure 2.5 shows the organizational structure of RUA, the first PAI in Cambodia. As an autonomous institution, RUA is technically supervised by the Ministry of Agriculture, Forestry and Fisheries (MAFF) and subject to the financial supervision of the MoEF. The governing board is composed of 11 members from the ministries involved. RUA is currently composed of eight faculties, a graduate school, and a research institute. These include the following:

- Faculty of Agronomy;
- Faculty of Animal Science and Veterinary Medicine;
- Faculty of Forestry;
- Faculty of Fisheries;
- Faculty of Agricultural Technology and Management;
- Faculty of Agricultural Economics and Rural Development;
- Faculty of Agro-Industry;
- Faculty of Land Administration and Management.

Figure 2.4 A schematic diagram of a PAI



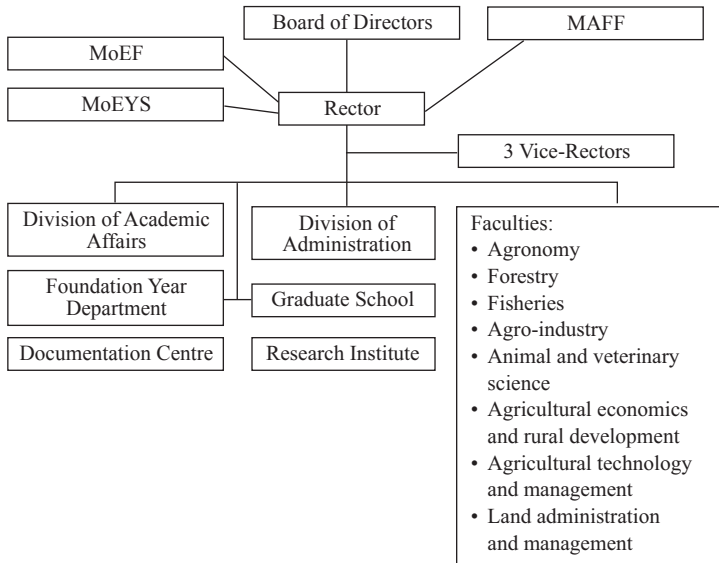
Accountability measures adopted in the university

PAI universities have adopted both internal and external policies to ensure accountability of their management and governance processes. These include the establishment of:

- internal regulations and policies;
- an academic committee;
- a university council;
- a research committee;
- a development committee;
- internal auditing;
- an internal quality assurance (IQA) team or office.

Each committee or team plays an important role in coordinating and monitoring the performance of the faculties and department. They report to the rector who then takes appropriate measures to ensure the quality of the services provided by universities.

Figure 2.5 Organizational structure of RUA



2.5 Changes in overall governance and management due to increased autonomy

The following discussions present perceptions of changes due to increased autonomy based on interviews and surveys of 91 academic staff and decision-makers. Interviews were held among six national level decision-makers and 24 institutional decision-makers. Questionnaire-based data were collected from 61 academic staff drawn from different departments.

Effects on the academic and administrative decision-making process

For both universities selected for this study, increased autonomy was reported to have significant effects on the academic and administrative decision-making process. Academic freedom was envisaged and new

curricula and programmes were developed. Administrative processes were designed to be uncomplicated, more effective, and to facilitate rapid decision-making.

Effects on financial matters: Changes in the sources of financing and fund flow mechanisms

Financial matters, especially fund flow mechanisms, were reported to have changed. The budget allocation system at institutional and department levels was found to be larger and more effective (*Figure 2.6*). The results from the survey (*Figure 2.7*) showed that 28 per cent of respondents felt that their university’s budget system was now quicker and more effective, and 14 per cent reported that their university had created one main accounting system after the granting of autonomy. Another 14 per cent said that they participated in discussions on university expenses. However, 43 per cent of respondents observed that there was no change in the budget allocation system at the department level in their universities.

Figure 2.6 Effects of increased autonomy on the budget allocation system

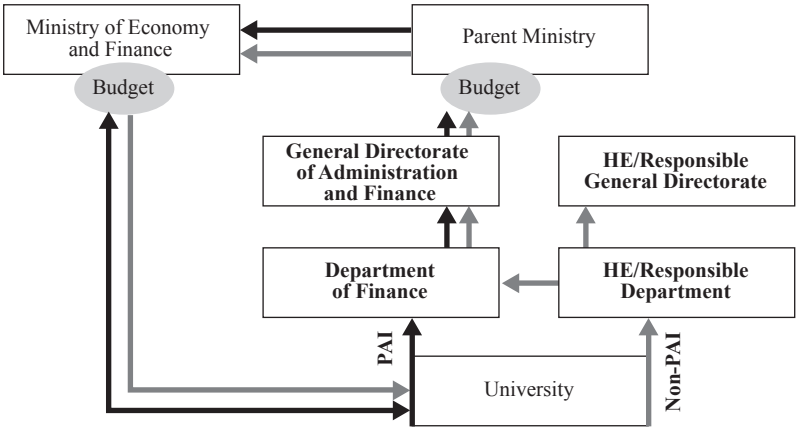
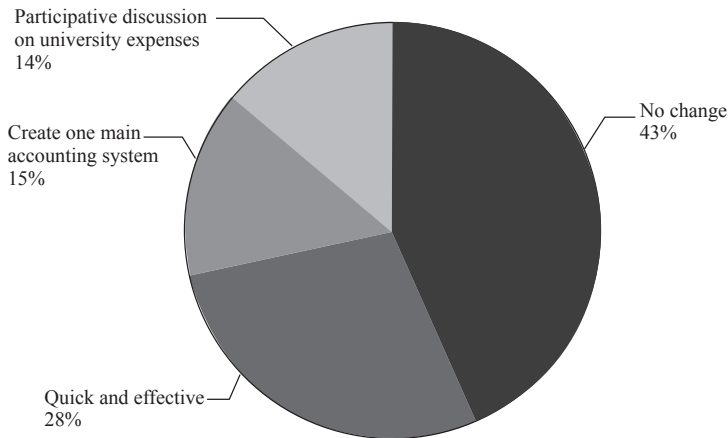


Figure 2.7 Fund flow mechanisms of PAI and non-PAIs



Effects on staff performance and evaluation

A survey taken on the effects of increased autonomy on staff recruitment showed that 25 per cent of respondents had the right to recruit new staff for urgent tasks, but 75 per cent said that there was no change in this area. However, greater autonomy in higher education was reported to have resulted in improvements in staff management with an increase in delegated work tasks. It is interesting to observe that 50 per cent of staff reported an increase in responsibility among all staff, whereas another 50 per cent confirmed that there was no change in staff accountability.

How different segments of the university community viewed these changes

Perceptions of change:

Senior management at national and institutional levels

Increased autonomy allowed HEIs to establish independent management structures and/or mechanisms, thus reducing the burden on parent ministries. It should be noted, however, that increased autonomy in higher education does not mean that HEIs run themselves; instead it implies a need to evolve management structures and formulate realistic

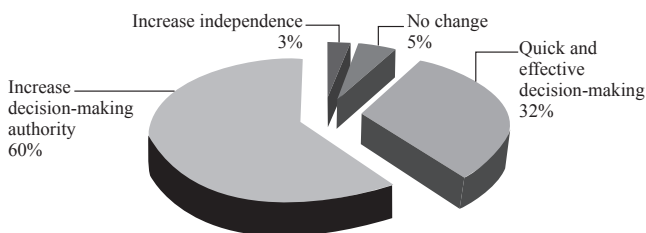
policy planning. In this context, the role of the senior national manager is to ensure that HEI performance follows established policies.

Perceptions of change:

Middle management at institutional level (deans, heads of department)

According to the analysed results, 53 per cent of staff stated that their management system was more decentralized with an increase in decision-making at the faculty or department level (e.g. the right to develop curricula and promote staff). Moreover, 32 per cent of respondents thought that decision-making had become quicker and more effective. In addition, staff were found to be more accountable and their management skills more effective (*Figure 2.8*).

Figure 2.8 **Effects of increased autonomy in decision-making at the faculty level**



Perceptions of change among teaching staff

The majority of respondents agreed that increased autonomy enabled greater freedom to develop innovative curricula and new employment-oriented courses, introduce cost-recovery measures, levy fees for services offered by the university, decide on research priorities, and strengthen academic programmes (*Table 2.1*). Increasing autonomy to their universities was thought to: improve access to and sharing of faculty resources, increase the administrative and academic workload, reduce administrative costs, increase the level of monitoring and control of resources, and strengthen staff accountability measures (*Table 2.2*).

Table 2.1 Perceptions of teaching staff towards increased autonomy

Aspects of autonomy	Strongly disagree (%)	Disagree (%)	Agree (%)	Strongly agree (%)
Increased autonomy enables more freedom to develop innovative curriculum (n=61)	–	–	54.1	45.9
Increased autonomy enables the development of new employment-oriented courses (n=61)	–	3.3	59.0	37.7
Increased autonomy enables the introduction of cost-recovery measures, levying of fees for the services offered by the university (n=60)	1.7	1.7	51.7	45.0
Increased autonomy enhanced the freedom to decide on research priorities (n=60)	–	1.7	61.7	36.7
Increased autonomy strengthens academic programmes of the university (n=60)	1.7	1.7	48.3	48.3

Table 2.2 Respondents' opinions about increased autonomy in their university

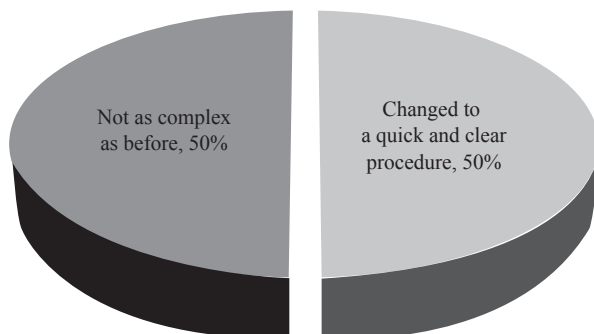
Aspects of autonomy	Strongly disagree (%)	Disagree (%)	Agree (%)	Strongly agree (%)
Increased autonomy improved access to and sharing of faculty resources (n=61)	–	1.6	59.0	39.3
Increased autonomy led to increased administrative workload for academics (n=60)	–	26.7	50.0	23.3
Increased autonomy reduced administrative costs (n=61)	–	22.4	63.8	13.8
Increased autonomy led to an increased academic workload (n=61)	1.6	24.6	52.5	21.3
Increased autonomy led to more monitoring and control of resources (n=60)	1.6	11.5	52.5	34.4
Increased autonomy led to the strengthening of accountability measures of staff (n=60)	–	–	57.4	42.6

Perceptions of change among administrative and support staff

Perceptions of change among administrative and support staff appeared to be positive. The majority of respondents agreed that administrative

procedures were quicker or at least less complex, thus facilitating their work (*Figure 2.9*).

Figure 2.9 **The effects of increased autonomy on administrative procedure**



2.6 Conclusion: Implications for introducing reforms in universities

Did the reform work well/achieve its objectives?

It is generally accepted that increased autonomy to HEIs has brought about major changes in governance structure, financial management, academic freedom, and especially student uptake. However, in practice the governance system within PAIs remains weak and centralized, based on the old model. Although higher education reform has been underway for several years, many expected results are still to be achieved. It has thus been argued that increased autonomy in higher education has not yet been successfully implemented as a result of unclear understanding of PAIs, limited management ability, lack of experience in planning (financial and academic programmes), and immaturity among HEIs.

Current PAI legislation is not yet adequately designed for full stakeholder participation in HEI governance. Participation of external stakeholders on the GB (five to 11 members) is relatively low due to the predominance of core membership (various government ministries and staff representatives). Another issue is the unclear role of the rector of the HEI on the GB. The rector may act as the chairperson of the board, thereby bypassing the effective representation of client and community

stakeholders. No legal status for ranking and promoting university lecturers is yet in place.

What are the unintended effects of the reform?

The principal objective of the reform is to enhance the governance and management systems of PAI-status universities to enable them to achieve their goals and missions. These cover a broad range of activities, including providing education/training services and conducting research for effective teaching. However, as programmes are expanded and student enrolment increases, staff are increasingly involved in teaching with minimal or no attention paid to research. In this context, the quality of teaching and/or education is being questioned, as staff members lack sufficient time to conduct the research necessary to update their lectures. Another unintended effect is that staff receive significant benefits from teaching locally, and are thus discouraged from pursuing advanced degrees overseas. Instead, they find ways to obtain advanced degrees from locally and internally available universities, which have lax regulations and requirements.

What lessons can be drawn from reform implementation?

The PAI model offers the opportunity for staff, students, alumni, community, industry stakeholders, and other clients to participate in university governance through their representatives on the GB. The strategic priority of the government is to extend the PAI model to all public HEIs and to develop a similar model of stakeholder participation through a GB for private HEIs.

Governing boards play an important role in directing PAIs, yet current PAI law is not yet adequately designed to allow full participation of external stakeholders. The role of the rector should be clarified to ascertain whether he or she may serve as chairperson of the board. In addition, the management ability of HEIs should be reinforced and resource support sought from the national level to prevent any negative effects that can occur during or after the reform process.

The following steps should be taken to address the above-mentioned issues:

- Put in place an enabling legal as well as institutional framework and infrastructure to encourage HEIs to be more innovative and responsive to the views of informed stakeholders in meeting the needs of the country's development.
- Develop a separate law to provide more autonomy with clearer transparency, responsibility, and accountability of the rector as chief executive officer to the GB.
- Develop a legal framework for the ranking and promotion of university lecturers, department heads, deans and vice-rector.
- Determine fixed terms of appointment, with the option of re-appointment, for senior administrators of HEIs (rectors, vice-rectors, and deans of faculties).
- Build the capacity of staff members of HEIs to strengthen their academic, research, and administrative skills through courses, on-the-job training, and more varied experience in model institutions.
- Assist HEIs to develop regulations, rules, and procedures to involve staff more actively and constructively in policy and strategy development and board decision-making.

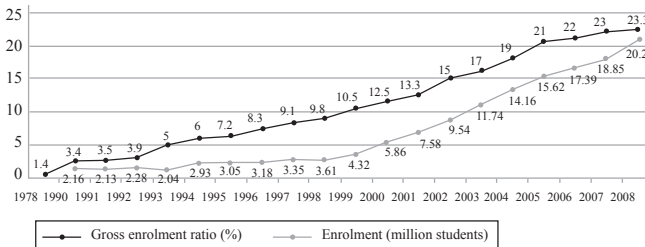
III. GOVERNANCE REFORMS IN HIGHER EDUCATION: A STUDY OF INSTITUTIONAL AUTONOMY IN CHINA

Mei Li and Rui Yang

3.1 Introduction

Higher education in China, until the 1990s, was characterized by limited access with gross enrolment ratios (GER) below 5 per cent. It was effectively an ‘elite education’ system. Reforms in the 1990s, however, helped the country to dramatically expand access. GER increased from 3.4 per cent in 1990 to 15 per cent in 2002 and further to 23.3 per cent in 2008 (*Figure 3.1*). In 2008, over 29 million students enrolled in regular higher education institutions. China aims to achieve a gross enrolment of 40 per cent by 2020.

Figure 3.1 Growth of gross enrolment ratio and enrolment numbers, by year, 1978–2008



Notes:

1. Enrolment in regular higher education institutions, including postgraduate students.

2. Gross participation rate of 18–22 age group in all forms of higher education.

Source: MoE, 1984–2009.

The period of expansion of higher education is also associated with the proliferation of private higher education institutions (HEIs) in the country. In fact, the number of private HEIs increased from 33 in 2002 to 1,506 in 2008. Among the regular HEIs in 2007, 297 were private. By 2008, 640 of the regular higher institutions were private, with an enrolment of 4.03 million students. The corresponding numbers of adult higher institutions were 866 and 0.92 million, respectively. Students in

private HEIs accounted for almost 20 per cent of the entire enrolment in China's formal higher education sector.

This chapter analyses the changing steering policies and new governance structures in higher education in China and their implications for governance and management of higher education at the system and institutional levels. The study is based on an analysis of changes at the national level and a detailed examination of one of the public universities, namely the East China Normal University (ECNU) located in Shanghai. The ECNU is a large university with 55 departments and 19 faculties and a student enrolment of 26,900 in 2009.

The study relies on document analysis and structured interviews with decision-makers at the national and institutional levels, and a questionnaire-based survey among teaching staff and administrative staff. Interviews were held among national decision-makers, the Shanghai Education Commission, president of the ECNU, vice-presidents of teaching and finances, director of policy, school dean and heads of departments. Questionnaires were administered to staff members and 69 responses were received.

3.2 Recent reforms in higher education: Move towards autonomy

Since 1978, reform efforts in higher education have attempted to develop close links between the higher education sector and the market. With the phasing out of the planned economy and the diminishing role of the state, the government became increasingly reluctant to continue to subsidize higher education. In place of subsidies, the country introduced cost-recovery measures, a trend further accelerated by the rapid expansion of higher education in the years since 1999. Student fees in public universities increased from RMB 4,000 in 1999 to RMB 5,000 in 2001, and further to RMB 6,000 in 2005. Some private institutions and for-profit campuses affiliated to public universities levied a fee well above RMB 10,000.

Another aspect of higher education reforms in China is decentralization of the system, as stipulated by the *Higher Education Law*. It states that 'the State Council shall provide unified guidance and administration for higher education throughout the country'; the local governments 'shall undertake overall coordination of higher education

in their own administrative regions, administer the higher education institutions that mainly train local people, and the higher education institutions that they are authorized by the State Council to administer' (*Higher Education Law*, art. 13, chap. 1).

The Chinese higher education system has traditionally employed the decentralization of the system. In the 1950s, the national government assumed the responsibility for formulating higher education policies, allocating resources, exercising administrative controls, employing teaching and research staff, developing curricula, choosing textbooks, recruiting students, and assigning jobs to university graduates. The government–university relationship was one-way and top-down, with universities enjoying little autonomy. University operation was under the central government's direct control.

The transformation from a planned economy to a market economy from the 1980s, under the open-door policy, led to profound changes in all aspects of Chinese society. Governance reforms were introduced from 1985 when the government issued the *Decision on the Reform of the Educational System* to designate university autonomy as a priority. The core aim of current higher education reforms is to loosen the central government's tight control over institutions, so as to improve institutional autonomy under national principles and plans, enabling institutions to build up closer links with industry and other sectors, and foster their initiatives and capacity to meet economic and social needs (Guo, 1995: 69).

In 1993, the *Outline for Education Reform and Development* gave all universities in China more autonomy (Mok, 1999). The *Higher Education Law* of 1998 legitimized decentralization and university autonomy; emphasized the freedom of scientific research, literary and artistic creation, and other cultural activities conducted in HEIs; and stipulated the legal status of a HEI. It detailed the seven domains under which Chinese HEIs are granted autonomy: student admissions, specialization establishment, teaching affairs, research and service, international exchange and cooperation, internal structure and personnel management, and financial and property management (Zha, 2006: 163–164).

University autonomy was therefore further protected under the *Higher Education Law*, which legitimized the ‘presidential responsibility’ system. According to this law, university presidents would become responsible for the formulation of their own institutional policies and long-term development plans. Based on their own teaching needs, HEIs could take the initiative in designing their own teaching plans, selecting textbooks, and organizing teaching activities (Sun, 1999: 62). Within a university, faculties and/or departments could also enjoy much greater autonomy in matters relating to teaching, research, personnel, and resource allocation.

In other words, the Chinese experience exemplifies, as pointed out by Neave and van Vught (1994), a move from a state-controlled model to a state-supervised model, where institutions enjoy more autonomy in academic and financial matters and in governance and management. With a strong push towards decentralization of higher education (Bray, 1999), including a strengthened role for provincial governments coupled with the marketization of the higher education sector, university autonomy has been increased across the domains of teaching, research, and administration. It can be stated that Chinese universities are partially integrated with the government in some areas of operation, while maintaining relative independence in other areas. In short, it is appropriate to describe the Chinese situation as one of semi-independence (Pan, 2009).

The level of independence varies according to area. In some areas, universities enjoy full freedom of self-determination: for example, universities have full operation autonomy in the appointment of staff and the restructuring of academic and administrative departments, but defer to central and provincial governments in the matter of appointments of university presidents and party secretaries. In other areas universities may initiate actions and act on their own, but must submit their proposals and documents to the governments after, for example, making changes to disciplinary programmes.

The government has established buffer agencies between universities and governments for the purpose of quality assurance in HEIs. These buffer agencies are affiliated to the Ministry of Education (MoE) and are not really independent. Unlike those in Western countries,

which are independent from government authorities, China's emerging buffer organizations are often public service units (*shiye danwei*) under the jurisdiction of governments, with financial support from central and provincial governments, and with tasks and functions entrusted by the governments. Despite acting as extended arms of the government, buffer agencies operate as professional institutions, playing an important role in quality control, performance evaluation, implementation of governmental policies, and consultation on policy-making and planning.

3.3 Effects of autonomy at the institutional level

Modification of curricular structure and departments

According to the *Higher Education Law*, ECNU has the power and autonomy to modify the structure of its curricula, departments, and schools. While new curricula and departments are established according to social and economic needs, existing departments merge or change into new faculties. As shown by *Table 3.1*, there have been obvious changes to the academic programmes and structure at ECNU since 1992.

Table 3.1 **Changes of schools, departments, and disciplines at ECNU, 1992–2005**

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
No. of schools	5	9	15	16	20	9	9	10	10	13	15	15	18	19
No. of departments	23	25	26	26	26	28	28	31	31	33	35	35	39	40
No. of disciplines	38	42	42	42	42	42	42	41	44	53	55	55	59	61

With the implementation of governance reform, ECNU enjoys increased autonomy in recruiting students. Aiming at becoming a research university, it strategically increases the number of graduate students. There has been a rapid growth of student enrolments from a total of 7,233 in 1995 to 12,328 in 2000, 19,424 in 2005, and 22,009 in 2008. The number of graduate students has increased even faster, from 1,088 in 1990 to 8,698 in 2008.

Diversifying financial sources

Granting of funding sources for universities has become very diversified. In 2008, about half of the regular operating costs of the ECNU (about RMB 1,520 million) came from governments, and funds from central and municipal governments accounted for 32.1 per cent and 18.6 per cent respectively. Other funds came from a variety of sources: tuition fees, training, and consultancy projects brought in about RMB 345 million (22.7 per cent); and research contracts amounted to about RMB 279 million (18.3 per cent). A culture of fundraising and donations has appeared, although it has remained minimal, with a total of RMB 10 million in 2006.

The ECNU set up a foundation in 2008 to stimulate greater contributions from alumni and society; yet, to date the tax system does not provide a favourable environment. Since 2009, the MoE has advocated donations to state-owned HEIs by matched grants according to the *Provincial Management Methods of Matched Grants for Donations to MoE Affiliated Higher Education Institutions*. With the establishment of a foundation at ECNU, donations have increased from RMB 4 million in 2008 to RMB 40 million in 2009 and RMB 80 million in 2010. The most significant growth in revenues is allocated by central and municipal governments to earmarked funds, such as *Projects 985* and *211*. During 2010–2013, the central and municipal governments signed a joint construction agreement investing RMB 0.8 billion (1:1) in ECNU's *Project 985*.

Autonomy and human resources

Academic staff development

Compared with the growth in students, the growth in academic staff numbers has been much slower. The percentage of associate professors among all academic staff changed significantly from 25 per cent in 1995 to 35 per cent in 2005, that of full professors grew from 15 per cent in 1995 to 20 per cent in 2005, lecturers remained at 37.8 per cent in 1995 and 2005, and the percentage of assistant lecturers decreased from 23 per cent to 8.1 per cent over the same period.

From 1990 onwards, with transformation from a planned system to a market economy, academic staff members gradually lost their job

stability as a result of personnel reforms in Chinese HEIs. During the pre-reform years, teachers in HEIs enjoyed the social welfare and status of civil servants. Nowadays, teachers are on fixed-term contracts with their workplaces, which they are required to renew every five years. It is, however, important to note that it is still extremely rare for an academic staff member to be dismissed in China.

Autonomy and governance and management at the institutional level

From 1951 to 2005, ECNU was affiliated to MoE and governed by the central government. In 2006, there was a shift from sole jurisdiction by the central government to joint jurisdiction between the central and Shanghai municipal governments. As a result, the Shanghai government shouldered part of the financial responsibility for ECNU and, in return, ECNU is required to play a more substantial role in serving the social and economic development of Shanghai.

Table 3.2 Funding sources of ECNU, 2000–2008 (in million RMB)

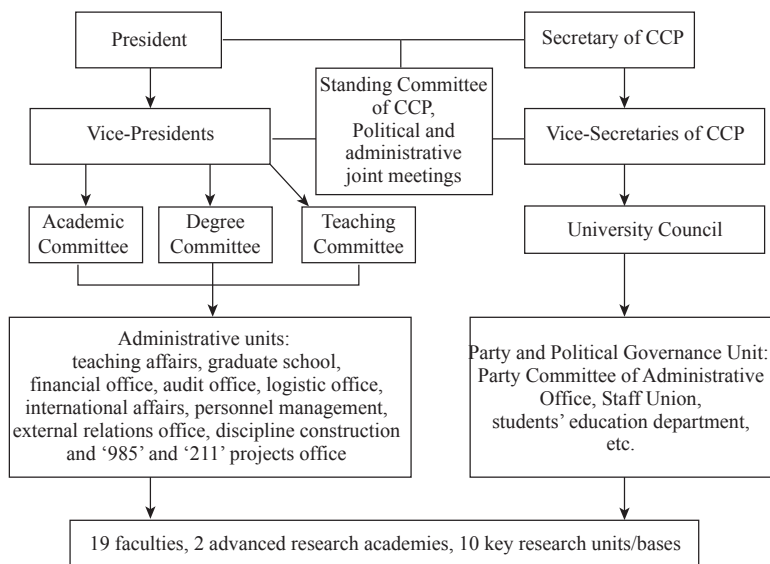
Year	Total amount	Central government funds*		Shanghai municipal government funds		Tuition fees and training programmes income		Research funds from governments and society		Revenue generated		Interest, donation, others	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
2000	242.11	111.14	45.9	46.82	19.3	39.81	16.4	44.34	18.4	0	0	0	0
2005	1 005.08	240.76	24.0	134.69	13.4	329.37	32.8	163.24	16.2	41.06	4.1	95.96	9.5
2006	1 138.82	239.97	21.1	170.10	14.9	358.98	31.5	190.92	16.8	31.17	2.7	147.68	13.0
2007	1 655.71	419.51 (70 for '985')	25.3	419.80 (300 for '985')	25.4	395.31	23.9	221.30	13.4	50.05	3.0	149.74	9.0
2008	1 520.627	487.99 (78 for '985'/ '211')	32.1	283.15 (150 for '985')	18.6	345.037	22.7	278.59	18.3	29.42	1.9	96.44	6.3

Note: *Central government funds include infrastructure funds, block funds, and special project funds of Projects 985 and 211.

According to ECNU's Charter, the president exercises independent responsibility for governance under the supervision of the Party Committee of the Chinese Communist Party (CCP). There are 11 university leaders including the president, the party secretary of CCP, three vice-secretaries of CCP, and six vice-presidents. The MoE appoints

the president and the party secretary of CCP. It also appoints the six vice-presidents and three vice-secretaries of CCP, but in consultation with the president and the party secretary. *Figure 3.2* presents the organization and governance structure of ECNU.

Figure 3.2 ECNU organization and governance structure



The governance model for all public universities in China is presidential responsibility under the leadership of the Party Committee of CCP, which in turn acts as the governing board. The president takes full responsibility for administration functioning as a chief executive official. As shown in *Figure 3.2*, different committees and offices fall under the party secretary and president. These act as mechanisms to ensure communication and collaboration between the two systems, although there have been reported cases of conflicts.

According to the *Higher Education Law*, ECNU is allowed to reform its management structure. To date, in line with the growing marketization and decentralization of governance reforms, ECNU has changed its organization structure to mobilize resources from both governments and the market. For example, in 2002 the university

established the office of disciplinary development and *Projects 211* and 985 to formulate strategic plans for the restructuring of disciplines, departments, and schools, and allocate funding granted by MoE and the Shanghai municipal government.

With the increasing importance of non-state resources, 2002 also saw the creation of the ECNU Alumni Association, established to manage donations from alumni and society. In 2008, the Office of International Education was set up to coordinate education programmes for the increasing numbers of international students and to strengthen international exchanges and cooperation. The Office of Public Relations and Planning and a foundation for the university's development were also created to strengthen links with alumni, and industrial and business sectors.

3.4 Effects of autonomy on governance and management of institutions

Structures for the decision-making process

The *Higher Education Law* has also required the establishment and improvement of governing agencies at institutional level. As one government policy-maker commented:

[After the promulgation of the *Higher Education Law*] universities ... established three specific agencies: the University Council, Academic and Degree Committee, and Staff Union. The University Council takes charge of the university's administrative affairs. The Academic Committee deals with academic affairs, while the Degree Committee regulates the degree award and decides whether the teacher is qualified to be a doctoral or master's student supervisor None of these existed in the past. The establishment of agencies was completed by 2005.

A core policy-making agency in Chinese universities is the standing committee of the CCP at the university. The committee has authority over the appointment of deans and senior administrators. According to one vice-president, the Standing Committee at ECNU is composed of Party members holding positions as presidents and party secretaries. In terms of academic and administrative affairs, the main decision-making agencies at ECNU include the University Council, the Staff Promotion and Evaluation Committee, and the Senate (Academic Committee). ECNU has autonomy to make decisions on modifications

to the specializations of schools and departments. It has also a degree of autonomy regarding undergraduate and graduate enrolments.

Both the central and municipal governments now have authority over and responsibilities for quality assurance of the HEIs under their jurisdiction. Meanwhile, universities have their own internal quality assurance systems and mechanisms. The MoE mainly carries out higher educational evaluation. In August 2004, a Centre of Higher Education Evaluation, affiliated to the Ministry, was established. This marked a new stage in the development of a systematic and professional higher education evaluation system in China.

Financial matters

The 1990s and 2000s witnessed the diversification of financial sources at ECNU, including funds from the central and local governments, tuition fees, income-generation activities, and research grants. The central government has increased its investment in higher education, in particular through specific projects such as *Projects 985* and *211* and research programmes. As one university policy-maker pointed out: ‘Our financial sources have changed. Originally funds were 100 per cent from the central government. Now, 50 per cent [are] from governmental sources, including Shanghai and national government, 50 per cent from other sources – donations, student fees, training classes in different areas, contract research for industry sectors.’

Concerning the question of whether autonomy improves the utilization of resources in universities, and whether universities enjoy more flexibility and autonomy over allocation of government subsidies, it seems that there is now increasing freedom for universities to allocate government funds. As one university administrator remarked: ‘In the past, the Government gave you a certain sum of money, which was stipulated to buy tables or desks. Now, it starts to change. The governments give you the money, and leave you to decide how you should allocate it.’

Staff performance and evaluation

Regarding the evaluation and promotion of academic staff members, professors and the Faculty Senate play an increasingly important role in

all faculties. On the one hand, faculty members face increasing pressure to publish and are evaluated by both governments and their university. On the other, they have more chances to secure opportunities and resources. With regard to research outcomes, quantity rather than quality has improved since the implementation in the 2000s of new regulations regarding incentives and disciplinary actions. Since 2006, when ECNU was listed in *Project 985*, the criteria and requirements in both teaching and research for promotion at all levels have become much stricter.

3.5 Perceptions of changes due to autonomy

With regard to power relations between the university and academic units, there is a tendency toward centralization within the institution in terms of finance and personnel. Within academic units, deans enjoy relative autonomy in academic, personnel, and financial domains, often in consultation with department heads. Faculties and departments enjoy relatively more autonomy in their generation and allocation of income, and exercise almost complete freedom in their academic affairs including curriculum development, teaching, learning, assessment, and quality assurance.

Perceived increased autonomy

When asked about major changes at ECNU caused by increased autonomy, survey respondents tended to identify six areas: academic programmes, staff management and evaluation, admission and management of students, administrative procedures, decision-making structures, and financial management. Academic programmes were the most reported sphere, followed by staff management and evaluation, and admission and management of students. Fewer changes were reported in administrative procedures. The least reported changes were in financial management, and decision-making structures, as shown in *Table 3.3*.

The survey used five areas to measure respondents' opinions about increased autonomy. The findings showed that increased autonomy has improved freedom in curriculum development, course design, research priorities, and academic programmes, clearly indicating that increased autonomy significantly benefits the development of academic fields. As *Table 3.4* shows, respondents tended to agree that increased autonomy has positive consequences in all of the following five areas:

(i) more freedom to develop innovative curricula (24.6 per cent strongly agreed, 66.7 per cent agreed); (ii) enabled the development of new employment-oriented courses (8.7 per cent strongly agreed, 71 per cent agreed); (iii) enhanced freedom to decide on research priorities (14.5 per cent strongly agreed, 63.8 per cent agreed); (iv) strengthened academic programmes (17.4 per cent strongly agreed, 56.5 per cent agreed); and (v) enabled the introduction of cost-recovery measures – levying of fees for services offered by ECNU (5.8 per cent strongly agreed, 49.2 per cent agreed).

Table 3.3 Areas changed most by increased university autonomy (N=69)

	No	Percentage (%)	Positive and negative
Academic programmes	39	56.5	Positive
Staff management and evaluation	34	49.3	Positive
Students admission and management	32	46.4	Nearly positive
Administrative procedures	23	33.3	Negative
Decision-making structures	15	21.7	Negative
Financial management	15	21.7	Negative
Others	10	14.5	Negative

Table 3.4 Opinions about increased autonomy

Aspects of autonomy (n=69)		Strongly disagree (%)	Disagree (%)	Agree (%)	Strongly agree (%)	Agree + strongly agree (%)
Enabled more freedom to develop innovative curriculum	valid=69	2.9	5.8	66.7	24.6	91.3
Enabled development of new employment-oriented courses	valid=69	2.9	11.4	71.0	8.7	79.7
Enhanced the freedom to decide on research priorities	valid=69	2.9	18.8	63.8	14.5	78.3
Strengthened academic programmes of the university	valid=69	2.9	23.2	56.5	17.4	73.9
Enabled the introduction of cost-recovery measures – levying of fees for the services offered by the university	valid=68 missing=1	4.4	41.2	48.5	5.9	54.4

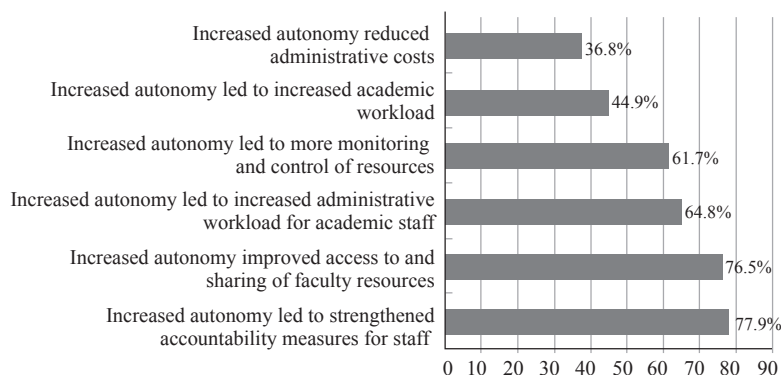
Institutional autonomy and accountability

Six areas were chosen to demonstrate respondents' opinions about increased autonomy at ECNU, as shown by *Table 3.5* and *Figure 3.3*. While the findings showed increased access to resources and sharing of autonomy among staff, this was accompanied by an increase in control and accountability. When asked about the increase in accountability, 77.9 per cent of respondents agreed (8.8 per cent strongly agreed, 69.1 per cent agreed), while 61.7 per cent of respondents thought that increased autonomy had led to more monitoring and control of resources (8.8 per cent strongly agreed, 52.9 per cent agreed). Regarding the increase in autonomy, 76.5 per cent of respondents reported that increased autonomy had improved their access to and sharing of resources (7.4 per cent strongly agreed, 69.1 per cent agreed). When asked about concerns related to increased autonomy, 63.3 per cent of respondents did not think that it had reduced administrative costs, while 64.8 per cent of respondents insisted that it had increased the administrative workload of academic staff (7.4 per cent strongly agreed, 57.4 per cent agreed).

Table 3.5 Opinions about accountability and autonomy

Aspects of autonomy (n=69)		Strongly disagree (%)	Disagree (%)	Agree (%)	Strongly agree (%)
Increased autonomy improved access to and sharing of faculty resources	valid=68; missing=1	4.4	19.1	69.1	7.4
Increased autonomy led to an increased administrative workload for academic staff	valid=68; missing=1	5.9	29.4	57.4	7.4
Increased autonomy reduced administrative costs	valid=68; missing=1	7.4	55.9	35.3	1.5
Increased autonomy led to increased academic workload	valid=67; missing=2	1.5	53.7	38.8	6.1
Increased autonomy led to more monitoring and control of resources	valid=68; missing=1	1.5	36.8	52.9	8.8
Increased autonomy led to strengthened accountability measures for staff	valid=68; missing=1	1.5	20.6	69.1	8.8

Figure 3.3 Opinions about accountability and autonomy



Notes: The percentages are for agreement + strong agreement.

3.6 Lessons learned and implications for introducing reforms

Reforms at the national level

China's governance reforms in higher education are a gradual process, in line with the grand transformation from a planned to a market-oriented economy. Since the 1980s, and especially the 1990s, China's university governance pattern has gradually become decentralized with provincial governments shouldering more and more responsibilities. It can be argued that university governance in China has moved from a government-controlled model to a government-supervised model.

Rationales and goals of the government reforms since the 1990s have aimed at enhancing the dynamics and independence of HEIs. Through implementing a series of policies of decentralization and marketization, the Chinese Government has attempted to make use of market forces and new initiatives from the non-state sectors to mobilize more educational resources. The main rationale of these reforms is to move universities towards a socialist market economy.

The empirical evidence from ECNU indicates that the *Higher Education Law* legitimized university autonomy in seven areas. Interview responses from both the government and ECNU acknowledged that universities now enjoy much greater autonomy in all seven domains discussed in the previous section. The reform helped

to: (i) shift governance from control by multiple ministries of the central government to jurisdictional control by MoE alone; (ii) transfer governance from centralized to decentralized levels with provincial governments sharing more authority and responsibility for supervising and financing universities; (iii) grant greater autonomy to universities to determine how they achieve their goals; and (iv) grant more autonomy to institutions in domains such as finance, appointing academic staff and administrators, recruiting students, and curriculum development.

However, tensions are often generated when increased autonomy is accompanied by enhanced accountability linked to various governmental steering mechanisms (Carnoy, 2000). The domains still controlled by the central government include:

- appointment of university presidents and party secretaries;
- political and ideological education;
- awarding of doctoral degrees;
- approval of establishment of degree-awarded institutions and programmes;
- quotas on students;
- evaluation of programmes and HEIs;
- regulations on maximum tuition fees;
- funding of selected national key institutions (by allocation of funds); and
- student loans and grants available for HEIs.

Institutional governance: ECNU's experience

ECNU now enjoys greater autonomy in financing, establishing doctoral programmes, evaluating and employing academics and administrators, appointing deans and departmental heads, recruiting vice-presidents worldwide, adjusting administrative departments and colleges and departments, and allocating *Project 985* funds. In recent years, it has taken measures to institutionalize autonomy. In 2008, it established the Development Foundation and International Education Centre. In 2010, it enacted its *Outline on the Medium- and Long-term Development*, as well as the *Master Plan*, the *Reform and Implementation Plan*, and the *Management Measures of Project 985*. Such measures are expected to improve its internal management system. Various administrative departments have been established, including the Office of Disciplinary

Development and *Projects 985* and *211*, and the Alumni Association. In 2009, the University Constitution was enacted, affirming its status as an independent corporation entity. Other bodies established include the University Council, Academic Committee, Degree Committee, Teaching Committee, and Professors' Committee.

Based on this empirical study, the following recommendations to policy-makers at national level are proposed:

- State supervision should be made more effective. The national government in general, and MoE in particular, could further transform their role into that of a facilitator: to build the marketplace, change the steering mechanisms from direct control to indirect governance, deregulate micro-management, and allow buffer organizations and market forces to play a more important role in resource mobilization and allocation.
- Buffer organizations need to be nurtured and fully independent to fulfil their role as a third party of professional agencies, rather than an extended sector of the government.
- The criteria of government funds allocation and investment should be based on a sound balance between equity and efficiency, and between elite and mass higher education. As a result of a substantial increase in investment to top-tier institutions through earmarked funds, such as *Projects 985* and *211*, mainstream provincial institutions receive less financial support and their quality has been threatened.
- Universities demand and deserve greater autonomy on the selection and election of their leaders. With the government appointing the party secretary of public universities, the governing body of the university should elect the president.

The following recommendations are proposed to policy-makers at the institutional level:

- Senior managers of universities are required to pay increasing attention to building a governing body, to strengthen links with society. This body should therefore include representatives of various stakeholders including enterprisers, experts, investors, and alumni.

- Within institutions, there is a need to further transfer authority over issues of personnel and resource allocation from the central administration to various academic units. This is to create an environment of shared, cooperative governance between senior administrators and individual academics. One way to achieve this is to enhance the role and functions of the senate (Professors' Committee) on academic and personnel matters.
- A combination of top-down and bottom-up decision-making should be encouraged in all processes, procedures, and implementation, to enhance transparency and democracy in institutional management.
- Within the current arrangement, where the president and the party secretary share authority, clarification of their roles and relationship would strengthen institutional management.

IV. GOVERNANCE REFORMS IN HIGHER EDUCATION: A STUDY OF INSTITUTIONAL AUTONOMY IN INDONESIA

Nizam Nizam and Muh Nurdin

4.1 Introduction

Modern higher education institutions (HEIs) first appeared in Indonesia in 1851, when the Dutch colonial government established a school to train medical workers for indigenous people in Batavia (present-day Jakarta). In 1949, four years after independence, the Indonesian Government established Universitas Gadjah Mada (UGM) in Yogyakarta, through the amalgamation of several private institutes. This was followed in 1950 by the establishment of Universitas Indonesia in Jakarta and several public universities in the 1950s and 1960s. The oil price boom in the late 1970s to early 1980s fuelled economic development leading to an expansion of higher education to meet the need for highly qualified human resources. The establishment of private HEIs further boosted the expansion of the sector.

The system expanded rapidly, with student numbers increasing from 200,000 to 2.5 million during the next two decades. This expansion trend continued despite some setbacks during the economic crisis in the late 1990s. In 2010, the higher education sector enrolled more than 5.2 million students in 3,100 HEIs spread across the country. The gross enrolment ratio (GER) increased from 2 per cent in 1975 to 26 per cent in 2010. This rapid expansion, driven by economic growth, transformed the elitist higher education system into a massified one. A large share of HEIs are private, accounting for more than 55 per cent of enrolment in 2010 (*Table 4.1*).

Disparities in access to and quality of higher education remain major concerns. For example, in 2010, the GER was as high as 76 per cent in Jakarta and 74 per cent in Yogyakarta, but as low as 10 per cent in Banten and below 2 per cent in the new province of Bangka-Belitung. In general, public HEIs take the lead in quality but cater for less than a quarter of the student population, while private institutions take the bulk of the student population and are, in general, of lower quality. Faced with increased awareness regarding quality, many private HEIs are now

encountering difficulties in attracting new students. In 2007 alone, 60 private HEIs offering 113 study programmes closed due to a lack of students.

Table 4.1 Student enrolment in tertiary institutions in Indonesia

Years	2005	2006	2007	2008	2009	2010	2010*
19–23 years	21 190 000	21 184 100	21 174 900	21 171 200	21 170 300	21 184 000	19 844 485
Students	3 868 358	4 285 645	4 375 505	4 501 543	4 657 547	5 226 450	5 226 450
Public	805 479	824 693	978 739	965 970	1 011 721	1 030 403	1 030 403
Private	2 243 760	2 567 879	2 392 417	2 410 276	2 451 451	2 886 641	2 886 641
In-service	48 493	51 318	47 253	47 253	66 535	92 971	92 971
Religious	508 545	518 901	506 247	556 763	503 439	571 336	571 336
Open Univ.	262 081	322 854	450 849	521 281	624 401	645 099	645 099
GER	18.26%	20.23%	20.66%	21.26%	22.00%	24.67%	26.34%

Source: DGHE, various years. *Population data based on recent census result.

4.2 A review of the governance reform and its implementation

Rationale behind the governance reform on autonomy

Managing higher education is a challenging task in a country such as Indonesia, given its population size of more than 237 million, spread over three time zones and 17,458 islands, with more than 300 ethnic groups. Over the past 12 years, the political reforms that have transformed Indonesia into a democracy after 32 years of authoritarian regime have had implications for higher education. At the same time, the higher education system is expanding in response to the growing needs of society, reflecting a shift from an agricultural economy to one characterized by industry and services. Higher qualifications, more knowledge, and skills are increasingly sought after in the labour market.

Reforms to decentralize power from the centre to provincial governments were introduced in basic education (primary and secondary educations). However, HEIs also fell under the control of the central authorities. All public universities were part of and controlled by the government. They had to comply with the rigid fiscal year bound line-item budget system and their staff were categorized as civil servants with standardized salaries and promotions. The organizational structure and management of universities was standardized despite a wide variation in institutional size and capacities.

It became apparent, however, that (public) HEIs were operating inefficiently under this uniform and rigid governance and budget structure, and could not adapt to the dynamics of the system or local circumstances. Staff recruitment and career development were processed through and approved by the central government, HEI managers did not have full authority to hire and fire staff members, and permission from the Directorate General for Higher Education (DGHE) was necessary to initiate new academic programmes. Internal management was weak and there was a wide disparity in quality across HEIs.

To respond to these needs and challenges, wider autonomy was needed to create an enabling environment – one that would allow HEIs to improve their quality and relevance more efficiently and effectively. For public HEIs, autonomy could be granted by establishing the institution as an autonomous legal entity, separate from the government. The reform measure of granting legal entity status to a university implied that the institution would become autonomous with its own rights and responsibilities, and could act legally on its own behalf, both inside and outside of the court of justice. The legal entity for universities was limited to Civil Law; however, under the existing Civil Law there was no suitable form of legal entity that matched the purpose of a university establishment. To overcome this absence, a new non-profit legal entity entitled *Perguruan Tinggi Badan Hukum Milik Negara (PT-BHMN)* (University of the Public Legal Entity) was created. The piloted legal entity universities were established by government regulation within the framework of Government Regulation No. 61/1999 based on Education Act UU 2/1989 and Civil Law Article 1653.

To implement the new policy, the central government established a pilot scheme in 2000: four of the more mature universities (University of Indonesia, Gadjah Mada University, Bandung Institute of Technology, and Bogor Agricultural University) would be granted autonomy as legal entity institutions. The autonomous universities started to enjoy greater freedom to develop their management systems and to manage their resources more efficiently. This was accompanied by a more corporate style of management. These universities could select their rector, recruit their own staff, develop new study programmes, and mobilize resources. Although by law, autonomous universities are not-for-profit organizations, as legal entities they can establish and manage

revenue-generating activities such as academic-related ventures, as well as full commercial ventures, thereby diversifying and mobilizing other sources of income. Following the pilot scheme with the four universities, many other public HEIs submitted proposals to change their status. By 2009, seven public universities had been granted legal entity status.

HELTS 2003–2010 introduces governance reform

In the last decade, the *Higher Education Long-Term Strategy (HELTS) 2003–2010* laid down a set of reforms for the higher education system in Indonesia. Its three basic principles concern to the role of higher education in national competitiveness, autonomy, and organizational health.

First, with regard to *national competitiveness*, the higher education system was given the responsibility of providing students with sufficient knowledge and understanding to be good citizens and lead meaningful lives. The higher education system is expected to contribute to the process of shaping a democratic, civilized, and inclusive society, maintaining national integration through its role as moral force, and acting as the bearer of public conscience.

Second, with regard to *autonomy*, the main reform concerns the decentralization of authority to HEIs. A high degree of institutional autonomy was considered the best-suited approach to managing the highly complex Indonesian higher education system. The policy shift necessitated adjustments in a number of areas, including funding policy, personnel policy, governance, and quality assurance systems.

Third, *organizational health* refers to the general state of an organization allowing it to function fully as per its vision and mission. In an academic context, such a healthy organization is characterized by its ability to support academic freedom, value innovation and creativity, empower individuals to share knowledge, and to work for an organization's success. Healthy organizations need a healthy system that can systematically encourage a management approach providing individuals with clear rights, responsibilities, and accountability. A healthy organization provides its members with the tools to adapt to complex and difficult situations. It gives them adequate means and autonomy to deal with unusual demands and unforeseen circumstances. Finally, embedded in a healthy organization is an internally driven

quality assurance mechanism that rests on self-assessment and external evaluation.

A new role for the central government

At the heart of the governance reform was a redefinition of the relationship between government, institutions, and individuals. As a consequence of decentralization and autonomy, the role of the central government, represented by the DGHE, shifted systematically from that of controlling to steering the system. The government could still intervene through resource allocation and other means within the context of the national higher education system. It would not, though, be involved directly in implementing policy directions, but instead steer through various mechanisms and peer organizations including the Board of National Education Standard (BSNP), the Board of National Accreditation (BAN-PT), and the Board of Higher Education (DPT).

The accountability of HEIs covers not only financial audit and transparency, but also academic quality and service delivery. Academic accountability first arrived in 1994 in the form of the accreditation system, introduced by BAN-PT. The *20/2003 National Education System (NES) Act* made it compulsory for every education programme to be accredited. It also required every HEI to have an internal quality assurance system. Government provision of public resources demanded accountability from HEIs. In addition to publicly auditing the HEIs, the DGHE also became responsible for periodically collecting data related to performance indicators and presenting them to the public. The data collected could then become a reliable source of information in the evaluation of institutional performance and the development of system-wide policies.

Under the new status, an autonomous university has more direct accountability not only to the government, but also to its internal and external stakeholders through a board of trustees. Internal stakeholders are representatives of the university senate, management, academic staff, administrative staff, and students. External stakeholders are representatives from the Minister of National Education, the local governor, and the public, the latter usually represented by business, alumni, and prominent figures in education.

Funding reforms

One of the major reasons for the governance reform was the need to increase the flexibility of HEIs in managing and mobilizing resources. Prior to the reform, all public HEIs had to follow the line item budgeting system; any revenue generated had to revert back to the government account before it could be used through submission of a budget proposal. The system was deemed inflexible as any decision or changes regarding the budget had to be sent to central government. In addition, any financial resources remaining at the end of fiscal year had to be returned to government accounts. This lack of flexibility resulted in reduced effectiveness and efficiency in the use of resources.

The new paradigm in funding incentives was implemented gradually, beginning with a competitive block grant mechanism for the development budget, introduced in 1997. It was expected that most of the government investment budget would be disbursed through a block grant, based on a competitive mechanism, institutional development plans, or affirmative mechanisms. It was felt that operational budgets to autonomous universities should also be given as block grants, while an investment budget could be based on government approval to address special objectives.

Under the legal entity system, universities can generate and use revenue as long as it is used and invested to serve education objectives. However, it is mandatory for all autonomous institutions to have an internal control mechanism and an external audit for their financial management. The financial report includes a balance sheet, a statement of changes in fund balance, a statement of current revenues and expenditures, and a statement of changes in net worth. A new accounting system is also required in accordance with the standards for a legal entity, such as a chart of accounts, supporting documents, and procedures needed to handle revenue and expenditure transactions.

Personnel reform

The initial plan of the governance reform was to transform all staff (academic, support, and administrative) from civil servant status to university employees. However, with the exception of new staff recruits in some of the autonomous universities, this did not happen.

It was expected that a transition to university employee would make staff directly accountable since they would be hired and dismissed by university authorities, and universities could set their own remuneration system based on merit and performance. Whereas such a system was expected to promote the efficient and effective use of resources and positively improve performance, experience has shown that performance evaluations by internal quality assurance units and internal audit structures have created new problems for staff. In short, extra effort and time is spent on the monitoring and evaluation of staff and the audit and assessment system. Among the types of evaluation that have become common is staff evaluation by students.

Reform of the governance structure

Under the legal entity reform, the governance structure of the university should be adapted to a more corporate management style to enable decisions to be taken more easily, and the university to be better connected to its environment. A new management body, the board of trustees, was created as the top management structure. The board selects and appoints the rector, provides overall direction on policy, and adopts the strategic plan. It approves the annual programme and budget plan from the university. It also carries out daily supervision on behalf of the Ministry of National Education and the Ministry of Finance. Major investment and changes in budget allocation have to be submitted to the board for approval, and the rector has to report to the board on a regular basis. The level of supervision and roles of the board vary from university to university.

Increased autonomy at the university level has led to the integration of university management under one centralized corporate system. Before the granting of autonomy, the control of university leaders over faculties and staff was relatively weak. Since most of the budget and its allocation were centrally managed, many faculties, departments, and research centres retained bank accounts to support their operational activities and keep research and service contracts separate from the university's consolidated financial system. The underlying reason was not to channel funds inappropriately, but to avoid the lengthy process of the government accounting system.

With increased autonomy, the rector can now act as a CEO and consolidate all sources of revenue under one single account. Since the span of control is now closer, and the rector has more power to manage his or her institution, university autonomy is often perceived in terms of reduced freedom at the unit level. Theoretically, integrating the financial management system should result in increased efficiency and more effective cross-subsidization. However, the resulting situation can also cause distrust between faculties. Some faculties feel that they are revenue generators, while others are perceived as spenders. Closer control and more direct accountability also means that every unit is more closely monitored and evaluated, with internal audit units conducting regular audits not only on financial matters, but also on academic matters. As a result, performance evaluation at all levels becomes an additional burden to smaller units in the university.

4.3 Recent changes in the legal basis for the governance reform

In 2009, the long-awaited *Law on Education as a Legal Entity* (UU Badan Hukum Pendidikan, UU-BHP) was passed by Parliament with object of laying a firmer foundation for the establishment of legal entity universities. In January 2010, the government issued Regulation *PP17 on the Governance and Management of Education Establishments*, designed to provide the operational framework to implement the law. This regulation replaced earlier regulations such as *PP 61/1999*, which was used as the foundation for the establishment of piloted legal entity universities.

However, the reform sparked controversy, provoked by public perception of the new law as a means to liberalize and even commercialize the education sector. After a long battle, on 1 April 2010, the Constitutional Court revoked the law on the ground that it would deny the right of pluralism in education governance. There were also fierce criticisms mostly from private HEIs, who feared that the law would reduce the control of private foundations over their HEIs. Since the revocation, legal entity institutions have lost their legal grounds to exist and the legal framework to operate. To overcome this, the government issued Regulation *PP 66/2010* to augment and complement Regulation *PP17/2010*.

4.4 Autonomy and accountability in practice: Institutional level

Introduction of Gadjah Mada University

Gadjah Mada University (UGM), established in 1949, is the oldest and largest public university in Indonesia, and acquired the new status of a state-owned legal entity (Badan Hukum Milik Negara, BHMN) in 2000. As an autonomous university, UGM has experienced more freedom in developing its management system as well as in managing its resources more efficiently. It has 18 faculties and a graduate school that runs 73 undergraduate study programmes, 28 diploma study programmes, 67 master's programmes, and 47 PhD programmes. Each year, it enrolls 55,000 students including 884 international students. It has 2,164 academic staff and 2,240 non-academic staff. Up until now, the university has graduated more than 160,000 students, consisting of diplomas, bachelor's degrees, master's degrees, and PhDs.

After becoming a legal entity, the university introduced a corporate style of management with regard to selection of the rector, the development of new study programmes, and the mobilization of resources. It can establish and manage revenue-generating activities including academic and commercial ventures, as long as the income generated is reinvested in the improvement of academic services, thereby diversifying and mobilizing other sources of income. According to the University Strategic Plan 2008–2012, UGM aims to become a world-class research university, a vision inspired by *Pancasila*, the national ideology to promote excellence in research, teaching and learning, and community service.

Since becoming an autonomous entity, the university has improved its performance and its quality significantly, indicated by its achievements in recent years. In 2010, the university was ranked 8th in the ASEAN, 62nd in the Asian, and 562nd in the world university ranking system.

Changes in academic areas

Aware of the importance of developing an internal quality assurance system, the university established the Office of Quality Assurance (*Kantor Jaminan Mutu*). This office developed quality standards in more than 176 areas, quality assessment instruments, and an academic

audit system. By 2011, all study programmes and research units had implemented an internal quality assurance system, to varying degrees. The parameters and indicators for the internal quality assurance system were developed in line with the external quality assurance system via the National Accreditation Board for Higher Education (BAN-PT). The internal quality assurance system appears to be one of the notable achievements at UGM following its change to legal entity status.

Another aspect of academic autonomy concerns the opening of new study programmes. The autonomy to establish a new study programme without permission from the DGHE was granted to UGM and certain other BHMNs (UI, ITB, IPB) through a Ministerial Decree. A Dean of Faculty can propose a new study programme to the University Senate for evaluation; once approved it is submitted to the Board of Trustees for a final decision. Contrary to expectations this new freedom did not lead to a proliferation of degree programmes at UGM. In 2000, there were 68 regular undergraduate programmes and 12 extension programmes, 17 diploma programmes, and 65 graduate programmes (master's and PhD). Currently, there are 68 undergraduate programmes, no extension programmes, 22 diploma programmes, 88 master's programmes (including professional programmes), and 44 PhD programmes. Although the number of undergraduate programmes remains the same, there were changes in the nature of the programmes offered (some programmes have been merged and some new programmes have emerged). The only significant increase occurred in the number of graduate programmes.

The autonomy to open new study programmes has been criticized by private universities, who fear that this will enable public universities to poach potential students. However, as can be seen, the number of undergraduate programmes has remained more or less stable and the extension programmes, which were heavily criticized by private universities, have been phased out.

Another change in the academic domain relates to the recruitment of new students. Prior to the establishment of legal entity universities, there were two modes of student recruitment: a National Entrance Examination and local selection through talent scouting. The latter usually accounts for 10 per cent to 20 per cent of total student intake.

In 2003, UGM introduced its own selection procedure by conducting an entrance test in many provinces ahead of the National Entrance Examination. Gradually, the proportion of student intake through this mechanism increased from around 40 per cent to more than 80 per cent in 2010. The new student recruitment procedure was criticized by many public and private HEIs, but the approach improved quality of student intake in terms of academic quality, socio-economic proportion, and regional distribution.

Changes in financial management

Status as a legal entity also restructured the financial management of the university. A new accounting system was developed to ensure sound and prudent financial management. This system required the university to introduce a double-entry system to handle revenue and expenditure transactions. An Internal Audit Unit has been established under the Board of Trustees, which regularly conducts financial audits of all university units and reports to the Board. By law, UGM also has to be externally audited by an independent public auditor, as well as by government auditors, since it also receives financial resources from the government. Multi-layered auditing is necessary to assure accountability and transparency of financial management. UGM was the first autonomous university to be given unqualified certification by an independent auditor since 2007.

Another interesting feature is resource mobilization from commercial ventures. Many of the legal entity universities have developed commercial ventures, including hotels, plantations, and other forms of investment. In 2001, UGM established a holding company, Gama Multi Usaha Mandiri (GMUM), to manage commercial ventures. At present, however, the financial contribution from commercial ventures remains small in comparison with the university budget. Revenue-generating activities (RGA) include academic-related and auxiliary ventures. Academic-related ventures include the commercialization of intellectual property rights, training, consultancies, bookstores, student dormitories, sports centres, and so on. Auxiliary ventures include guesthouses, room leasing for offices and functions, and other commercial investments. UGM also creates endowment funds with the proceeds from RGA ventures in addition to philanthropic support.

All of these efforts led to an increase in the university budget. In 2000, the total budget was around 180 billion rupiah; by 2009 the total annual budget had increased more than eightfold to 1,453 billion rupiah. It should be noted that the government contribution has increased continuously over the years above the rate of inflation, and is a factor in the growth of university budgets.

Changes in human resources

In traditional Indonesian public universities most staff are civil servants, appointed and paid by the central government. The blueprint for university autonomy is expected to shift employees from civil servant status to university employees within 10 to 15 years. As a first step, the government froze new staff recruitment in autonomous universities and almost all BHMNs recruited new staff members as university employees under contract or tenure. However, the block grant for the operational budget has not yet materialized, and as of now, the staff salary for civil servants still comes directly from the central government, while the salaries of university staff are provided by the university. The absence of a block grant system also hampers any initiatives to improve staff efficiency.

Academic staff numbers overall decreased due to retirement, so in 2006 UGM petitioned the government to recruit additional civil servants and requested that university staff become civil servants. An unintended outcome of this move was that the number of administrative staff increased from 2,401 in 1999 to around 3,200 in 2011. The increase occurred because the university had contracted and paid additional staff to improve its service, while former civil service staff were still being paid by the central government.

Despite the current uncertainty regarding staff, the university has developed several incentive-based schemes within the context of financial autonomy. The amount of the incentives provided depends on the financial capacity of the university. The incentive system is based on performance and has improved the overall academic atmosphere. Absenteeism among staff has decreased significantly, delays in the announcement of examination results have decreased, and the presence of staff on campus has improved markedly. Another initiative comprises

student evaluation of staff and staff performance assessments. The academic performance of staff is audited for each department, covering teaching, research, community services, and administrative duties. This approach is in line with the current emphasis on more transparent and accountable management and the implementation of the quality assurance system. At present, these evaluations are not linked to performance-based incentives.

Changes in governance and management

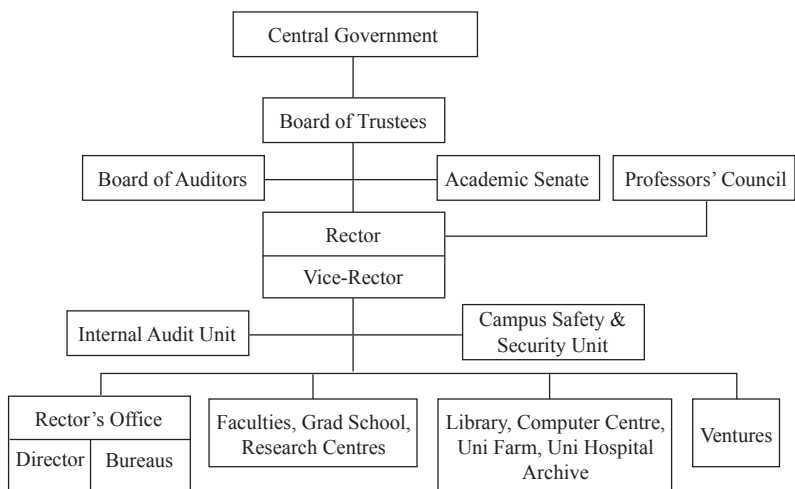
As in other legal entity universities, UGM created a Board of Trustees whose members are selected by the Senate and appointed by the Minister of National Education. The role of the Board is to provide general policy directives to the university, select a rector, appoint the head of the Senate, approve university strategic development plans, approve university bylaws, approve an annual budget plan, regularly supervise and control university activity, evaluate the performance of university leaders, regularly report to the Minister of National Education, and give approval on the establishment of new study programmes and major investments. To oversee the financial management of the university, the Board of Trustees appoints a Board of Auditors, which is in charge of auditing the financial health of the university.

The role of the Academic Senate has also changed as a result of the reform. The new Senate concentrates more on academic programme development. Its members comprise university leaders, faculty deans, representatives of academic and non-academic staff from each university department, and librarians, among others. Care is taken to include external staff, usually returning PhDs from overseas who bring new ideas and experiences to the university.

The Senate, however, no longer includes all academic staff. This change caused resentment among the professoriate, many of whom were no longer entitled to become members. For this reason, the university established a new body, the Professors' Council, whose role it is to preserve the idealism and to guard the moral ethics of the entire academic staff. Over time, the Council has started to evaluate the appointment of new academic staff.

The university rector is selected and appointed by the Board of Trustees to lead the university for a five-year term. The role of the rector is not only to act as an academic leader, but also as CEO of the university. *Figure 4.1* shows the organizational structure of UGM following its transformation into a legal entity.

Figure 4.1 Organization structure of UGM BHMN



4.5 Effects and impacts of reforms

Effects, impact, and perceptions of reforms at national level

In general, there have been significant changes in Indonesian higher education since the introduction of the reform. There were many handicaps in the legal framework, especially with regard to regulations from outside the Ministry of National Education. Notable among these was resistance from the Ministry of Finance to giving block grant funding to autonomous universities.

One of the main concerns of the Ministry of Finance (MoF) is that public funding to public institutions has to follow Government Treasury Law. Since this law did not foresee the new modalities adopted by the legal entity universities, a new financial management system entitled Public Service Unit Financial Management (*Pengelolaan Keuangan*

Badan Layanan Umum) was introduced. This system gives the university some flexibility to use directly any revenue it has generated and then report to the Ministry. However, determination of tariffs, salaries, and other spending items must follow standards set by the Ministry or else be negotiated with it. Currently, an amendment to the regulation is being developed to provide wider flexibility on the setting of tariffs.

The Ministry was also reluctant to transfer ownership and managerial responsibility over assets to autonomous universities. Out of the seven autonomous universities, only Bogor Agriculture University (Institut Pertanian Bogor) managed to obtain a transfer of assets.

Similarly, the transformation of civil servants into university staff has been hindered by uncertainty in the block grant funding allocation system, as well as by regulation from the Ministry of Civil Servants. In particular, the situation for autonomous universities became complicated when the government introduced a policy of zero civil servant growth for autonomous universities. Since block grant appropriation was not in place, universities could only fill vacancies by recruiting new staff from their own budget. However, in 2006, UGM proposed the recruitment of new civil servants to the government; this was granted and other autonomous universities followed the same path.

Another national policy on human resources significantly affected the human resource management of autonomous universities. The new *Law on Teachers and Lecturers* recognized teaching as a profession and required certification of every academic staff member as a professional lecturer or professor. Those certified will receive a significant increase in salary as an incentive. In fact, the government tripled the salary of a civil servant university professor. This move hampered the transfer of status of civil servants to university staff, as staff of autonomous universities became increasingly opposed to the new policy.

Private foundations and non-government organizations became increasingly opposed to the reform, perceiving it as a further attempt by the government to liberalize higher education and give in to market pressure, especially as some of the autonomous universities increased their tuition fees. Some of this criticism is based on misconceptions. Criticism of the reduction of government funding of (higher) education is untrue, since it has continued to increase. Furthermore, the law stipulates

that tuition should not amount to more than a third of the operating cost of the higher education programme, and that at least 20 per cent of places in public universities should be allocated to students from poor families who must be provided with scholarships.

It should also be mentioned that many of the autonomous universities have cross-subsidy policies to ensure access to the poor. For example, in UGM, the percentage of students coming from poor families increased after it became a BHMN.

4.6 Effects, impact, and perceptions of reforms at the institutional level

Effects in the academic domain

The effect of the reform in academic areas can be observed most markedly in the consistent improvement in student academic achievement, as can be seen from students' grade point average (GPA) and the time taken to complete study, as shown in *Table 4.2* and *Table 4.3*.

Table 4.2 Progress in average GPA, 2002–2009

Fields	2002	2003	2004	2005	2006	2007	2008	2009
Hard sciences	3.07	3.11	3.10	3.11	3.12	3.14	3.16	3.20
Social and humanity	3.17	3.13	3.12	3.22	3.17	3.29	3.30	3.30

Source: Directorate of Academic Administration, UGM (various years).

Table 4.3 Progress in time of study completion, 2002–2009

Fields	2002	2003	2004	2005	2006	2007	2008	2009
Hard sciences	5.43	5.29	5.37	5.25	4.81	4.75	4.73	4.79
Social and humanity	5.73	5.36	5.35	5.40	5.25	5.04	5.00	4.84

Source: Directorate of Academic Administration, UGM (various years).

Improvement in academic quality can also be seen in the introduction of innovative teaching methods, as well as the use of ICT in blended learning. UGM started to use a teaching method known as the student-teacher role-sharing model. Innovation in teaching and learning can be observed not only at the university level, but also at the department level. The rector's policy to 'decentralize' academic programme planning has given the academic community more room for creativity.

UGM also developed an e-learning tool called ELISA that has been used to enhance the teaching and learning process. The improvement in the use of information and communications technology (ICT) is reflected in part by the improved rank of the university on Webometrics, the world ranking of academic websites. Although still limited, there is also an observable trend toward internationalization of programmes. At UGM, there are four international programmes with 848 international students.

Table 4.4 Development in the Webometrics ranks of Indonesian universities (up to world rank 1,000)

University	2006	2007	2008	2009	2010	2011
UGM	1 076	939	734	623	562	583
UI	3 024	1 966	1 998	906	815	599
ITB	927	1 046	844	676	661	770
UNAIR	4 959	4 407	3 544	2 672	1 628	1 000

Source: Webometrics, various years.

Most respondents agree that one of the main changes after the introduction of autonomy was the recruitment of new students. Even though UGM was always among the top three universities in attracting students via the national entrance examination, most respondents perceived that the new system, which allowed the university to organize its own entry test, resulted in a better intake of students. However, staff and managers at the department level felt that they were not sufficiently involved in (undergraduate) student selection.

Flexibility in programme development is another aspect of autonomy that greatly benefitted the academic community. Interviews with academic as well as administrative staff conducted in this study showed that the reform improved the academic atmosphere and academic freedom. Autonomy increased awareness at the academic staff level of academic quality and academic programme planning. In particular, staff are more aware of the cost of quality and tend to be more efficient in their use of resources. Resource sharing is another aspect mentioned by academic staff.

Effects on finance and financial management

All respondents of an opinion survey for this study felt positively about the new bottom-up approach used for budget planning. Each faculty can now set its own priorities and plan its budget accordingly. The annual budget thus better represents the needs of the units and has become more responsive to the changing demands of stakeholders. Decision-making has become faster and more efficient.

The autonomy to mobilize resources has resulted in more revenue being generated by the university. Over the past four years, the revenue increased by more than 120 per cent. Compared with 2000, when the status of the university was transferred, the annual budget has increased more than eightfold (*Table 4.5*).

Table 4.5 Development in annual revenue of UGM (in million Rp)

Source	2006	2007	2008	2009
Government appropriation	171 250	179 710	243 493	510 789
Private revenue (tuition and others)	420 034	473 347	676 006	881 782
Foreign funding	69 626	92 327	20 886	60 946
Total revenue	660 910	745 384	940 386	1 453 517

Source: UGM, 2011.

Interviews with staff involved in management at the university, faculty, and department levels indicated that financial management was foremost among the changes experienced with the new status. Before autonomy, many units at UGM had their own accounts to administer contracts and revenues generated from services they provided. These accounts were usually created to overcome the rigid government accounting system. When the university management instructed all units to consolidate their resources under one account, centrally administered by the rector, the move resulted unsurprisingly in prejudices and misperceptions.

The policy of centralizing all administrative matters under the rector while decentralizing academic programmes is known as SADA (Sentralisasi Administrasi Desentralisasi Akademik). In interviews conducted with administrative and academic staff from the central administration office, four faculties, and three research centres, respondents expressed views that the transparency demanded by central

management operated in only one direction. Internal stakeholders therefore did not necessarily perceive a more accountable and transparent system as positive. A great number of staff questioned the policy of transparency in the use of resources by university management.

The significant increase in government appropriation is due to the mandatory increase in the national budget. In 2009, it was decided that 20 per cent of the national budget needed to be allocated to education. This increase led to an increase in the percentage of government appropriation from 26 per cent to 35 per cent.

Effects on human resource management

The reform has undoubtedly produced an improvement in staff performance. This may be traced to the new incentive system or the significant increase in regular salary as a result of lecturer certification and new benefits introduced for professors. Furthermore, the internal quality assurance and audit led to the introduction of staff evaluation. With all its limitations, staff evaluation has significantly improved the academic atmosphere, reduced absenteeism, and has led to enhanced punctuality.

Administrative staff performance has also improved notably. A sense of corporate identity can be observed in many offices from the central office down to the department. Some departments have implemented the ISO 2000 series for service organizations, thereby significantly improving service delivery to students.

The new recruitment policy, which gives freedom to departments to select their own staff, is also perceived as a positive change. Departments that have adequate sources of revenue can easily have additional contract staff. The allocation to each faculty/department is proportional to the amount they generate. There are cross-subsidies among departments, but these amount to less than the funding each unit can generate on its own.

In conclusion, although the plan to transfer civil servant staff to university staff did not materialize, autonomy has led to improved human resource management and performance. With the current absence of a

legal framework, however, personnel recruited as university staff face great uncertainty.

4.7 Conclusions and way forward

Ten years have passed since the four initial universities were piloted for the reform. Despite the long transition and significant efforts conducted at the national as well as institutional levels, the reform scenario of giving wider autonomy to the universities combined with more direct accountability could not be fully implemented. One reason for this lies in the fact that the Ministry of Finance did not pass a treasury law that could have accommodated the financing of an autonomous institution through a block grant. The transfer of assets to the autonomous universities did not materialize either, with the exception of Bogor Agriculture University. The financial management and accounting systems also had to struggle with the lack of a legal framework for non-profit public legal entities.

Another aspect that did not materialize was the transformation of civil servants into university staff. Some BHMNs froze recruitment of civil servants and recruited university staff to replace the attrition of staff and to fill vacancies. Those institutions that were consistent in their plan were put at risk due to a lack of legal backing and assurance of public funding. The new remuneration system for certified academic staff and professors had taken into account the roadmap of human resource development in the autonomous universities.

Furthermore, the reform was not communicated adequately to the public. This led to major resistance and resulted in the revocation of the long-awaited and controversial UU BHP law. Although most of the criticism addressed to the autonomous universities can be rationally explained, both the central government and institutions failed to convince the public of the benefits of autonomy for society. The belief has grown among the public that autonomy is identical to the liberalization and commercialization of education. This bitter lesson needs to be taken seriously for the future development of higher education. With more financial resources available from the government purse, a pro-poor policy can be developed that is in line with giving wider autonomy and more direct accountability.

At the institutional level, the reform had a very positive effect on both academic and management aspects. Even though the plan was not fully implemented due to various circumstances, the reform resulted in improved quality and relevance of academic programmes, increased efficiency, and improved transparency and accountability. Considering the challenges ahead, providing wider autonomy and accountability to universities is inevitable. To ensure the success of future reforms, the roadmap for reform needs to be better prepared and followed consistently. Some lessons can be drawn from the first phase of implementation.

First, consistency of policy is a must in the implementation process. A reform needs full commitment from the government in its totality. It has to be supported across ministries, with necessary regulations in place.

Second, adequate communication of reform to the public is key to its success. Management of public opinion was not well prepared in the lead-up to the reform. To ensure public support, the government, as well as universities, has to work hard. Communicating policy to the public and demonstrating that the policy is for the benefit of the society and the nation is essential. It is ironic that the autonomy and accountability that should have brought the university closer and more directly accountable to the public resulted in the opposite outcome.

Third, a clear policy on the protection of equitable access to higher education is a fundamental requirement of reform when access to higher education is still a luxury to many. To safeguard future reform, it is highly recommended that a strategic plan for reform rely on a national consensus and that equitable access be one of its major principles.

Fourth, engaging internal stakeholders needs to be given priority in developing policy and implementing autonomy in practice. As with any reform, the role of leadership is highly instrumental in determining its success.

V. GOVERNANCE REFORMS IN HIGHER EDUCATION: A STUDY OF INSTITUTIONAL AUTONOMY IN JAPAN

Shinichi Yamamoto and Huang Futao

5.1 Introduction

The modern higher education system in Japan started in the latter period of the 19th century. After the Meiji Restoration in 1868 many reforms were introduced to make universities comparable to Western systems. In 1877, Tokyo University was organized as the first modern university in Japan, and later in 1886 it was reorganized as the Imperial University. In addition to imperial universities, the government established other kinds of higher education institutions (HEIs), such as technical and commercial colleges, higher normal schools for middle school teachers, high schools for the preparatory stage connected to imperial universities, medical colleges for medical and dental doctors, and so on.

After the Second World War, the Japanese education system was completely reformed with the introduction of an American-style system. Accordingly, the university became the only kind of HEI approved by the Minister of Education. The number of universities increased sharply from 47 in 1940 to 201 in 1950. The 1963 Report of the National Council on Education recommended the need for diversification at the post-secondary level of education, which helped to increase the gross enrolment rate (GER) from 10 per cent in 1960 to 30 per cent in 1975. This expansion was facilitated mainly through the private sector.

The *Higher Education Plan of 1975–1985* aimed to enrich the quality of university education and implied restrictions on the expansion of universities and colleges. However, enrolment grew again after the latter part of 1980s. Today, more than half (57 per cent) of the 18-year-old population attends universities and colleges, and if specialized training schools are included as part of the higher education system, 78 per cent participate in higher education. Accommodating such a huge number of students (about 3 million) takes more than 1,200 universities and colleges, including 395 two-year junior colleges (*Table 5.1*). The private sector accounts for about three-quarters of HEIs – 597 universities and 369 junior (two-year) colleges, while more than half (54 per cent) of

graduate studies take place at 86 national universities, where the bulk of research is conducted.

Table 5.1 Institutions and enrolment in higher education in Japan, 2010

	Total	Universities	Junior colleges	Technical colleges
(Institutions) Total	1 231	778	395	58
National	137	86	0	51
Local public	125	95	26	4
Private	969	597	369	3
(Enrolment) Total	3 102 229	2 887 414	155 273	59 542
National	678 653	625 048	0	53 605
Local public	155 681	142 523	9 128	4 030
Private	2 267 895	2 119 843	146 145	1 907

Source: Ministry of Education, School Basic Survey Data.

The situation changed in the 1990s due to several sweeping socio-economic changes at the end of the Cold War. The old mode of university autonomy, which emphasized a lack of interference on the part of the Government, was replaced by a new mode of autonomy that emphasized ‘accountability and responsibility’.

This chapter is based on research initiated by IIEP and carried out by Hiroshima University. The objective of the study was to analyse the effects of steering policies and governance reforms in the management of Japanese higher education at national and institutional levels. The institution selected as a case study was Hiroshima University, a national university with 11,000 undergraduate students, 4,500 graduate students, and 3,300 teaching/research/administrative staff. Hiroshima University is one of the top research universities in Japan, though teaching remains a high priority due to its core history as Hiroshima Higher Normal School prior to the Second World War. The location of the university outside Tokyo also helps us to understand the implications of the recent incorporation that constitutes the largest governance reform of higher education in recent years. The methodology employed for the study comprised a review of policy documents and academic papers for national higher education policies, and interviews with policy-makers at the national level and decision-makers at the university level, including the president and deans of Hiroshima University. In addition, questionnaire-based responses were received from 60 academic staff.

5.2 Governance reforms at the national and institutional levels

One of the important reasons for initiating reform was the changing role of higher education in the knowledge-based economy in the context of globalization. Before the 1990s, many people viewed higher education as a screening device for students who might find a promising job after four years of university study. This view was tied to the so-called Japanese-style employment system, under which only young students who had just graduated from schools could be employed on a full-time and long-term basis. The restructuring of the Japanese employment system toward a knowledge-based economy changed the vision of university education. The industry began to demand that universities and colleges teach knowledge and skills useful for business after employment.

The report of the University Council in 1998 clearly stated the new relationship between university and society: 'Higher education is very important not only for students' personal development, but also for the national strategy which aims for social, economic and cultural development/enrichment, and for strengthening international competitiveness. Thus, higher education should be the engine for the new society and society should positively support higher education.'

The decline of the 18-year-old population also pushed university reform forward. It is estimated that the 18-year-old population will continue to decline from 1,500,000 in 2000 to 1,200,000 in 2010 and, by the middle of the 21st century, will fall below 700,000. More than 100 institutions are now at risk of losing their existence. Moreover, the situation will become worse in the future. This means that universities must adjust to this new situation by strengthening their financial and managerial capacities. To do so, in addition to seeking new sources of income, they must improve their teaching and research methods in order to attract adequate numbers of students. In another words, they must reform their institutions by 'market mechanism'. Governance reform is one of the strongest tools for quicker decision-making for both national and private universities.

The governance reform and its process of implementation

The highly significant reform for national universities converted their status from part of government to 'national university corporations'

(‘Hojin-ka’ in Japanese). This reform implied that universities should be centres of knowledge and teaching and should therefore be run according to their own decisions, not directed by the government especially as regards teaching and research activities. The government had formerly retained tight control over national universities in systemic and financial matters. However, this new scheme would also seriously challenge academic freedom and university autonomy in the traditional sense. Nevertheless, the majority of academics felt that the transformation of universities from branch organizations under the Ministry of Education (MoE) into corporations would provide them with greater autonomy. Several rounds of discussions took place during 1999–2003, climaxing in a decision to become national university corporations.

Under the national university corporation scheme, the government–university relationship is as follows:

- Each university has a six-year action plan.
- The results of each six-year plan are evaluated by a panel within the MoE.
- External administrators are involved in university governance.
- ‘Faculty autonomy’ is replaced by presidential initiatives (i.e. decision-making is controlled not by faculty meetings, but by the president supported by executive directors appointed by the president).
- The government provides block funds.

National universities are expected to run autonomously, but rely mainly on governmental block funds (*Un-ei-hi-Kofu-kin*) and other subsidies for revenue. Each institution competes with other national universities for the limited amount of public resources made available to all under the competitive framework. This scheme was implemented in April 2004.

Although incorporation was intended only for national universities, its influence has extended to local public universities and private universities. A similar scheme was designed for local public universities, and some local governments have decided to incorporate these institutions. With regard to private universities, incorporation is not applied directly. However, private universities are involved in tough competition with national universities, as well as collegial

private sector institutions. As national universities were encouraged to be more competitive for resources and students after incorporation, their management more closely reflects that of private universities. In addition, private universities are expected to be more responsive to various kinds of university reform measures initiated by the Ministry of Education.

***Relationship between MoE, buffer institutions,
and autonomous institutions***

After incorporation, the relationship between the MoE and the autonomous national universities changed in terms of resource allocation. The role of the Ministry is to establish the general framework of the higher education system, to provide resources through various types of budget, and to monitor the condition of higher education. In addition, the Ministry is expected to stimulate universities to work more effectively and to respond to various kinds of societal needs.

Between the Ministry and universities, a number of buffer institutions play important roles for the promotion of the higher education system and institutions. The Japan Society for the Promotion of Science (JSPS), for example, has initiated and carried out a wide range of programmes to advance scientific research, including: research grants, researcher cultivation, and international exchange and cooperation. In addition, it has performed the selection and evaluation functions of ministerial programmes, such as the Good Practice Programme. The Japan Student Services Organization (JASSO) comprehensively administers scholarship loan programmes, support programmes for international students, and student support programmes. These and other similar organizations perform intermediate services for the Ministry and universities.

In addition, there are other types of organizations. The Association of National Universities along with similar organizations, such as the League of Private Universities, works for the benefit of its member institutions and negotiates policy matters on their behalf. The Ministry, on the other hand, may consult with it on higher education policy instead of directly interacting with individual institutions. In addition to these examples, there are many academic organizations, such as the Japan

Association of Higher Education Research and the Japan Association of Educational Administration. Their principal role is to provide academic activities for member researchers, though they may on occasion express their ideas and aims directly to the Ministry or through the Science Council of Japan. The latter was established in January 1949 as a ‘special organization’ under the jurisdiction of the prime minister for the purpose of promoting and enhancing the field of science, and having science reflected in and permeate administration, industries, and people’s lives.

5.3 Governance reform: Autonomy at the institutional level

As a result of incorporation, patterns of governance at national universities changed. Firstly, evaluations of university plans and performance are made according to six-year medium-term statements of goals and plans. The Evaluation Committee of the National University Corporations at the MoE evaluates each national university corporation every six years. Based on this evaluation, the Ministry determines the plans and resources for the forthcoming six-year period. Government funding is appropriated to each national university corporation in block grants, thereby providing greater flexibility. Hence, to a large extent, the government takes greater account of ex post facto evaluation and places less emphasis on advanced regulation than before.

Secondly, with respect to changes in the pattern of internal governance at national university corporations, greater powers have been vested in presidents and their governing bodies at the institutional level with a consequent reduction in the autonomous rights residing in faculty meetings. The governing bodies at the institutional level now comprise a board of directors, an education and research council, and a managerial council. Further, as emphasized by the *Law of 2004*, the president is the head of the national university corporation and chairs the board of directors and managerial council, as well as being a chair of the education and research council. Accordingly, the president of each national university corporation acts as the chief executive and is invested with corresponding powers. In addition, while the education and research council comprises internal representatives and is mainly responsible for important educational and research activities, both the board of directors and the managerial council are open to participation by non-university external experts, who are expected to be involved

in internal governance and management. Therefore, each university corporation should be more responsive to the needs of society and cooperation with associated industrial sectors.

Consequently, the traditional pattern of governance in Japanese national universities has fundamentally changed. With reduced autonomy of the faculty, the power of the president and the board of directors has expanded far more than that of academic units. In particular, leadership from the top by the president has become greatly enhanced. Furthermore, according to the new governance pattern, the executive authority of institutional leaders has been greatly reinforced with a corresponding loss of authority and decision-making powers on the part of faculty. There has also been a parallel increase in participation on governing or supervisory bodies by individuals from outside the university corporation.

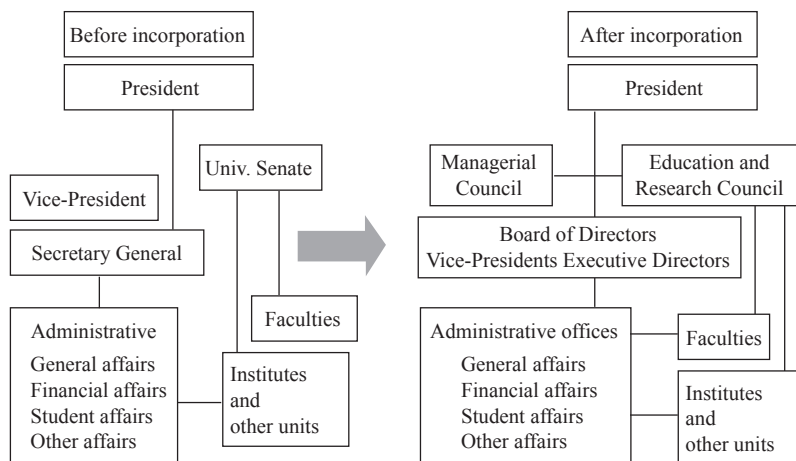
Thirdly, before April 2004 faculty members as well as administrative and supporting staff were civil servants. In practice, however, at the institutional level professors enjoyed comparatively great academic freedom and autonomy. Since the 2004 reform, faculty members in both national and some public sectors are no longer treated as civil servants and are increasingly hired through fixed-term appointments. In 2006, 77 national universities applied fixed-term appointments to some of their faculty members. By 2009, 81 national university corporations applied fixed-term appointments to 18 per cent of total faculty members, including some full professors.

Changes in the governance structure of Hiroshima University

Before incorporation, the governance structure of Hiroshima University consisted of the president, a few vice-presidents, and the secretary general and the Administration Bureau. According to university data (Hiroshima University, 2003), prior to the implementation of the *National University Corporation Law* in 2004, there were four departments within the Administration Bureau: (i) the Department of General Affairs, (ii) the Department of Finance, (iii) the Department of Student Affairs, and (iv) the Department of Faculties. As indicated by their names, these departments played a central role in university operations dealing in particular with administrative and financial issues.

In addition, the university set up various committees. Between 1999 and 2003, through the reorganization of different committees, the university established 10 committees to deal with various practical matters. Important committees included the Committee for International Affairs, which deals with the establishment of agreements with foreign universities and matters related to students and researchers from abroad; the Committee for Student Affairs, which is responsible for matters related to students; and the Committee for Academic Affairs, which deals with educational matters. Many other committees are organized in graduate schools, faculties, and institutes (*Figure 5.1*)

Figure 5.1 Governance structure of Hiroshima University, before and after incorporation



Source: Author.

Prior to the reform, the president of Hiroshima University was elected by the vote of all faculty members and appointed by the Minister of Education, thereafter assuming responsibility for representing the university and its administration and management. The president served for a term of four years and could be re-elected for an additional term. However, any important matter, either academic or administrative, required consultation with the University Senate prior to any decision by the president. The University Senate was composed of representatives

from faculties and other major academic units, and exercised considerable power in representing their interests. In this sense, the university was run based on local autonomy rather than initiatives of the president. The president played the role of coordinator rather than that of chief executive officer.

Before 2004, there were no outside representatives employed in either university-level administrative organizations or departments. In a real sense, the university was solely operated and managed by university people, although there was a clear division of labour between administrative staff and academic faculty. In addition to these two university-wide organizations each faculty, graduate school, and research institute had its own administrative structure.

Since 2004, the governance and management structure of Hiroshima University has granted more powers to governing bodies at the university level. One of the most obvious signs of this change is the increased number of executive and vice-presidents and associate executive administrators who work to support the leadership of the president. In addition, more offices and other governing bodies have been established at the university level. As of 2011, there are six executive directors who share responsibilities on: (i) finance and general affairs; (ii) medical affairs; (iii) public relations and information; (iv) research; (v) peace and international affairs; and (vi) educational affairs, some of whom are vice-presidents at the same time. In addition, there are two vice-presidents, one in charge of the university library and the other responsible for student affairs.

More importantly, almost half of the members of the Managerial Council come from outside Hiroshima University. These non-academic or non-university representatives, many well-known experts in different fields or people of social rank, are expected to be involved with activities concerning the governance and management of the university. This trend constitutes a substantial change in governance and management systems in Japanese higher education.

Accountability measures adopted in the university

The effects of incorporation on the academic and administrative decision-making process or on faculty performance and evaluation

cannot be overstated. According to the outline of the National University Corporation Law, the following major points characterize the system:

- individual corporate responsibility;
- deregulation of the institutional budget and personnel affairs leading to a competitive environment;
- production of attractive education and research;
- introduction of management techniques based on private-sector concepts (top-down management by a board of directors centred on the president);
- appointment of outside people as executives to participate in the approval of management plans;
- improved processes for selection of the president (a Presidential Selection Committee in which external non-university experts participate in identifying well-qualified candidates from both inside and outside the university);
- selection of personnel who do not conform to the civil servant type (introduction of a diverse and flexible personnel system with promotion on the basis of capability and performance);
- evaluation and disclosure of information (allocation of resources based on results of third-party evaluation, ensuring transparency as a means to encourage increased public participation).

In 2009–2010, the Evaluation Committee of the National University Corporations evaluated the results of each university corporation against their six-year medium-term statements for goals and plans. Based on these evaluations, decisions on plans and resources for the forthcoming six-year period were determined and government funding appropriated to each national university corporation in block grants. Fortunately, the result of these evaluations was satisfactory for most national universities, including Hiroshima University. However, it is uncertain whether the government will retain the same policy.

In addition to the six-year medium-term goals and plans, Hiroshima University has Five Guiding Principles underpinning its activities:

1. *The pursuit of peace*: this implies the development of intellectual attitudes that foreground peaceful solutions to problems affecting society and the world at large.
2. *The creation of new forms of knowledge*: this implies the

evolution of new systems of study that surpass existing frontiers of knowledge and encourage intellectual innovation.

3. *The nurturing of well-rounded human beings*: this implies the training of graduates with well-developed and multifaceted personalities by means of an education that has breadth as well as depth.
4. *Collaboration with the local, regional, and international community*: this implies the creation of a university with strong international awareness that can efficiently disseminate knowledge on a worldwide scale, in collaboration with local and regional communities.
5. *Continuous self-development*: this implies a constant readiness to re-examine established ways of acting and a constant openness to improvement and innovation.

In addition, the university launched a long-term vision entitled *Hiroshima University 10 to 15 years from now in 2009*:

Immediately after the incorporation of national universities in Japan (in 2004), Hiroshima University adopted its first mid-term plan, which has now nearly reached the final stage. In June 2009, the university will prepare the draft of its second mid-term plan. In this situation, we at Hiroshima University believe it significant and important to prepare and present a long-term vision, envisioning the state of Hiroshima University 10 to 15 years from now. We believe that this long-term vision will provide guidelines for further developing Hiroshima University as a higher educational institution. At the same time, we believe that the vision will help us recognize challenges that might prevent the university from achieving its goals, and then conduct campus-wide efforts to overcome these challenges.

These views are a reflection of the changing environment and emerging needs for accountability measures.

5.4 Effects of autonomy on overall governance and management

Effect on the academic and administrative decision-making process

One of the most significant results of the reform is the radical change in the relationship between government and national universities. In

particular, each individual institution, including Hiroshima University, has been granted more autonomy to restructure its own internal governance and management organizations according to its own mission and strategy. More importantly, there has been an increase in the amount of competitive funding.

In response to an interview question on ‘the major reform elements introduced in your higher education institution as a result of the national governance reform’, a dean from one of the biggest faculties in Hiroshima University stated that:

Autonomy and academic freedom has indeed been increased since the early 1990s, especially since the implementation of national university corporations in 2004 ... [This] is particularly true of more freedom for faculty members to undertake research with private companies and industry. However, no significant freedom has been delegated to faculty members, as expected, to develop educational programmes.

This kind of response may reflect a reaction to the shift from faculty-based autonomy toward institutional autonomy as embodied by presidential initiatives.

Effect on financial matters: Changes in the sources of financing and fund flow mechanisms

Since incorporation in 2004, there have been changes in the shares of main sources of financing, as shown in *Table 5.2*. While block or general university (public) funding has gradually decreased (from 49.6 per cent in 2004 to 38.6 per cent in 2009), the amount of subsidies, self-generated revenue, and contract research and contributions has risen, although their shares have not sharply increased. This is a reflection of the increasingly competitive environment, and the university is undertaking efforts to increase revenue from sources other than general university funds.

Table 5.2 Changes in the revenue of Hiroshima University, by item, 2004–2009

Items	2004	2005	2006	2007	2008	2009
Public funding	29 161 (49.6%)	28 272 (44.1%)	29 460 (43.9%)	29 519 (43.9%)	28 896 (41.3%)	28 860 (38.6%)
Public subsidies for infrastructure and equipment	156 (0.3%)	3 406 (5.3%)	2 056 (3.1%)	3 062 (4.2%)	1 496 (2.1%)	3 149 (4.2%)
Public subsidies for ship construction	0 (0.0%)	642 (1.0%)	1 176 (1.8%)	0 (0.0%)	0 (0.0%)	0 (0.0%)
Income from subsidies	0 (0.0%)	176 (0.3%)	225 (0.3%)	364 (0.5%)	558 (0.8%)	3 094 (4.1%)
Self-generated revenue	25 032 (42.6%)	26 587 (41.4%)	27 660 (41.2%)	29 109 (40.4%)	30 125 (43.0%)	31 476 (42.1%)
<i>Tuition and fees</i>	8 733	9 011	9 030	9 041	9 067	9 007
<i>Income from university hospital</i>	16 023	17 143	18 244	19 603	20 545	21 908
<i>Other income</i>	276	433	386	465	513	558
Income from contracted research and contributions	3 939 (6.7%)	4 075 (6.4%)	4 399 (6.6%)	5 102 (7.1%)	5 447 (7.8%)	5 426 (7.3%)
Other	239 (0.4%)	505 (0.8%)	1 074 (1.6%)	2 538 (3.7%)	1 817 (2.6%)	236 (0.3%)
Total	58 766	64 168	67 124	72 103	70 000	74 701

Note: Unit = million yen.

Source: Online information at www.hiroshima-u.ac.jp/ (in Japanese) with author's modifications.

The following questionnaire response was typical of many professors:

It is more flexible and easier for faculty members to get more competitive research grants. However, some negative effects have also emerged. For example, there has been an increase in the workload, and faculty members have had to spend lots of time and energy applying for various research grants or competitive funding. Some of these research grants are strictly regulated and controlled by university regulations, therefore there is little freedom for faculty members to use these grants. More importantly, not all faculty members could benefit from such reforms. It seems much easier for some faculty members from engineering or disciplines with a direct or close relationship with industry or local communities to get outside funding or commissioned research grants.

Effect on staff performance and evaluation

Hiroshima University, as well as other national universities, now actively publishes information on the performance of academic staff (publications, teaching, and other activities) and institutional performance (finance and facilities). Information about student matters is also considered important with regard to university performance. The Ministry recently introduced a new university information disclosure system, and every university and college institution, national and private, must make information about institutional management and academic matters available on the Web and by other means.

5.5 Perceptions of change

Although there exist slightly different perceptions about national governance reform among faculty members, due to their various academic backgrounds, beliefs, and attitudes, the majority stated similar views on the overall benefits of autonomy:

Perhaps more autonomy and powers have been delegated to top administrators of the university, but I do not think there is any increased autonomy shared by academics or administrative staff in general. Though the top administrators could control much more personnel, materials and money than before, there is not any check system or system that can claim responsibility. I think it is the biggest problem.

Because increased autonomy is one of the outcomes resulting from the incorporation of national universities, it should be remembered that increasing autonomy is not the aim of national university reform. The autonomy was increased in some aspects in the university, but at the same time, the process is mixed with a lot of other issues. Therefore, it may not be correct to say that this nation does not pay much attention to education. Of course, there are some benefits of the incorporation of national universities, but I should argue there are many more evils which have been focused on by the reform.

In contrast, more administrators held positive and supportive viewpoints on the same question. For example, one of the top administrators stated that, 'because of the increased autonomy, we do not have to go through so many complicated procedures in terms of restructuring educational and research organizations or managerial

bodies – we can deal with such issues in a speedy way.’ Two or three administrators from university-wide administrative departments emphasized the effect of increased autonomy in the university as follows: ‘At least we have more freedom to allocate the operating revenue within the university. It is more flexible for the university to deal with personnel and financial issues; it is getting better than before in this regard.’

However, it is worth mentioning that some administrative staff also displayed concern regarding increased autonomy: ‘In the future, because each institution has to develop its own mission and vision and become an institution with a striking characteristic, I think it is good, but I am afraid that our burden or workload will be increased.’ Another staff member stated that ‘I cannot see a clearly defined university policy, neither can I feel any outcome produced by stronger leadership at a university level.’

Apparently, there is a substantial difference between the views of academics and administrative staff/administrators on the effect of increased autonomy in the university. There are many possible reasons for this. However, one point is certain: a significant and obvious outcome of the incorporation of national universities is that increased autonomy has given administrators and administrative staff involved with governance and management greater powers to deal with related issues. Conversely, the increasing reduction in the power and status of academics, including the authority of professors, has provoked negative responses among many academic staff.

5.6 Conclusion: Implications for introducing reforms in universities

The incorporation of national universities was implemented in 2004. A lot of changes occurred thereafter in the period between 2004 and 2010. In 2004, the creation of a national accreditation system instituted mandatory evaluation of all universities and colleges in Japan by an authorized accreditation agency. Failure at evaluation implied a serious disadvantage for the institution; therefore universities are careful to maintain administrative and teaching quality and efficiency. In addition, the wide variety of competitive grants available to improve teaching and curriculum (GP: Good Practice) encourages universities to apply. Indeed, competitive external resources have increased in number and amount,

while block grants to national universities decreased nearly 7 per cent between 2004 and 2010.

Table 5.3 **Your opinion about increased autonomy**
(answer of ‘agree + strongly agree’)

	Professor (%)	Associate Professor and Lecturer (%)	Administrator (%)	Administrative staff (%)	N
Increased autonomy enabled more freedom to develop an innovative curriculum	51.0	40.0	85.7	70.0	58
Increased autonomy enabled the development of new employment-oriented courses	42.0	40.0	71.4	55.0	48
Increased autonomy enhanced the freedom to decide on research priorities	46.9	20.0	64.3	33.3	41
Increased autonomy strengthened academic programmes of the university	58.8	40.0	85.7	60.0	60

Source: Our survey guided by IIEP.

In general, there has been a reduction in resources allocated to universities, with staff required to do more with less. Moreover, the governance system remains rigid. Overall, academic staff feel busier now than before incorporation and many university people feel uneasy and uncomfortable.

The term ‘university autonomy’ has long been used among academics as a symbol of opposition to the governance initiative. Prior to the reform, the core of this autonomy was borne by university professors, not presidents and deans. Faculty meetings, consisting of professors and, occasionally, junior academics, played a key role in the decision-making process in Japanese universities. The incorporation of national universities shifted final decision-making to the president of each university supported by board members who are presidential appointees. The president also consults the Managerial Council and Faculty Senate with regard to managerial and academic matters

respectively. Universities do not function like private companies, however some believe that managerial measures of private companies should be applied to university management.

Whether the incorporation of national universities has been a success or not is debatable. Different viewpoints on this issue are expressed by different segments of the university community. Although it is difficult to draw one conclusion, it can be stated that incorporation has been more successful in the domain of administration and management than in the domain of teaching and research.

Furthermore, it is a difficult time for many national universities as a result of economic conditions, the recent earthquake and tsunami, and the tragic nuclear power plant accident in March 2011. However, universities can contribute to the recovery of the region by utilizing the high-level knowledge and skills generated by their research, and are encouraged to do so. With the help of the new governance structure it is hoped that they will manage to improve their situations in the future. Lastly, government, industry, and even the general public must share some of the responsibility for improving the environment surrounding universities. Such joint efforts will help universities to adapt to the new, globalized, knowledge-based society.

VI. GOVERNANCE REFORMS IN HIGHER EDUCATION: A STUDY OF INSTITUTIONAL AUTONOMY IN VIET NAM

Do Huy Thinh and Ho Thanh My Phuong

6.1 Introduction

The last two decades have witnessed the rapid expansion of higher education in Viet Nam. This took the form of an increase in the number of institutions (both public and non-public), expansion of intake capacity in existing institutions, increase in the number of staff members, and increase in enrolments in higher education. The number of universities and colleges in the country increased from 101 in 1987 to 376 in 2009, while the number of higher education students increased from 133,000 to over 1.7 million over the same period. The number of academic staff meanwhile increased over threefold from 20,000 to 61,000 (MoET, 2009a).

One of the major criticisms against higher education institutions in Viet Nam was that they did not provide education relevant to the needs of the employment market, and the rate of unemployment among university graduates remained high. Private higher education institutions entering the system attempted to address this issue by offering employment-oriented study programmes. Over the last few years, non-public institutions have focused mainly on areas of study such as economics, business administration, foreign languages, and subjects requiring little investment in equipment and laboratories. These institutions have now expanded their training fields to include technology and engineering to meet human resources needs for industrialization and modernization. The training quality of non-public colleges and universities has been improved, especially after the Ministry of Education and Training (MoET) issued the ‘three commons’ regulation for university student admissions (requiring the same entrance examinations, examination schedules, and examination scores for admission) and minimum band scores for all college admissions.

After 2000, Viet Nam implemented the *Educational Development Strategy: 2001–2010*. As a result, the higher education system in Viet Nam began to evolve in terms of size, types of institution, and

forms of training. The rapid socio-economic changes now taking place in the 21st century mean that higher education needs to address major challenges to its governance systems, curriculum, mission focus, external relations, research and financing (Shin and Harman, 2009). According to a recent report by the Department of State (DoS/MoET, 2009a) the development of higher education in Viet Nam has faced significant challenges including its inability to meet the demands of industrialization, modernization, international integration, and the learning needs of the people. In addition, the final report of the US-Viet Nam Education Task Force (September 2009) noted that the country has a 'pressing need for significant modernization of the ... higher educational system, including fundamental changes in governance, institutional autonomy, financing and administration, faculty hiring, promotion and salary structure, as well as in curricula and the modalities of teaching, evaluation, and research' (DoS/MoET, 2009a: 3).

This chapter is based on a study initiated by IIEP and undertaken by SEAMEO RETRAC to analyse governance reforms introduced at national and institutional levels in Viet Nam. An Giang University (AGU) was selected for the purposes of a case study to examine closely the implementation and impacts of governance reform at institutional level.

The study also relied on secondary sources of data and descriptive statistics to analyse the provision and progress of higher education and issues related to access to post-secondary education and success in obtaining a higher education degree. These data were complemented by information generated from primary sources on national systems of education; on changes in policy, governance structure, and steering approach; and more detailed information on performance from the case study. The study methodology involved collection of information from documents through questionnaires administered to different segments of the university community, and through interviews with persons holding positions of responsibility at both institutional and national levels. Interview-based information was collected from 10 national decision-makers and 30 institutional decision-makers. Questionnaire-based responses were collected from 80 academic staff from six schools.

Governance reforms in higher education

A culture of centralized planning and bureaucratic decision-making is deeply rooted across most areas of public service provision in Viet Nam (Hayden and Lam, 2007). The entire educational system including higher education has long been controlled by the central government, in particular the Ministry of Education and Training (MoET), and related ministries. There is a desire, however, in central government to decentralize decision-making to higher education institutions (HEIs) for the purpose of achieving greater efficiency and effectiveness in the use of resources. There is also a desire to retain control of the socialist orientation of higher education and the deployment of the sector within a framework of centralized national economic management.

Following the *doi moi* (renovation) policy, higher education in Viet Nam underwent important reforms which brought about significant gains. It has found its way forward amid the country's transition towards a socialist-oriented market economy. The main reforms aimed to bridge the development gap between higher education in Viet Nam and in regional and international countries, thereby creating favourable conditions for future development and national competitiveness (MoET, 2009b: 113).

The many government actions aimed at reforming and improving higher education in Viet Nam over the past 10 years have come in the form of decrees, circulars, and resolutions. This section presents a sample of the major reforms. The range of topics is extensive covering everything from curriculum to equipment and facilities.

The initial solutions suggested by MoET (2009b) included:

- Renovate training structure and complete the network plan for higher education institutions.
- Renovate training contents, methods, and procedures.
- Renovate the recruiting, training, and retraining of lecturers and educational managers.
- Renovate research activities.
- Renovate financial mechanisms and procedure for resource mobilization.
- Renovate management mechanisms.

- Increase investment in infrastructure for higher education.

National decision-makers were very keen on governance reform, particularly in the innovation of educational management and the provision of increased autonomy to institutional decision-makers. This is clearly reflected in educational laws passed in 2005, the Higher Education Reform Agenda (HERA) provisions in 2005, official regulations in 2006, and a joint circular in 2009:

- *The Education Law of 2005*: Article 14 of this law provides that the state will ‘implement the decentralization of management to local agencies and enhance the autonomy and accountability of grassroots education establishments’.
- *HERA provisions*: In 2005, the Government promulgated a resolution on *Fundamental and comprehensive renovation of Viet Nam higher education for 2006–2020* (HERA).
- This reform plan,¹ adopted by the Government in 2006, aimed to produce a system ‘more flexible in providing opportunities for course transfer, more equitable, more financially self-reliant, more research-oriented’ (Hayden and Khanh, 2010). Thirty-two specific reform measures were endorsed in HERA, one of which confers on public HEIs ‘legal autonomy in their operations, giving them the right to decide and be responsible for training, research, human resource management and budget planning’ (Hayden and Lam cited in Dao and Hayden, 2010). These developments will result in a significant transfer of decision-making authority from the state to the public higher education system (Dao and Hayden, 2010). A second measure aims to ‘eliminate line-ministry control’, which will strongly reinforce the transfer of authority from the state to the higher education institutions (Dao and Hayden, 2010: 133). A third measure plans to ‘focus state management on the implementation of the development strategy and on the development of quality assurance and accreditation control for higher education; improve the legislative and regulatory environment; accelerate the state’s stewardship role in monitoring and inspecting the overall structure and scale of higher education’ (Dao and Hayden, 2010: 133). This

1. Resolution No. 14/2005/NQ-CP, dated 2 November 2005.

reform measure indicates a new kind of relationship between state and higher education.

- *Regulations on autonomy and accountability for the performance of duties, organizational structure, staffing, and finance of public units:* In 2006, the Prime Minister signed a resolution² delegating autonomy and accountability to HEIs in the organization of tasks, the reorganization of the apparatus, and the utilization of human and financial resources. The regulations contained in this resolution aimed to optimize the capacities of units to provide high-quality services to society, and to increase revenues with the aim of gradually raising income levels for working people. The state has focused its investment on maintaining the growth of institutions to ensure that services are improved and better provided to the poor, minorities, and those from underprivileged areas.
- *Instructions for autonomy, accountability, duty performance, organization, and staffing toward public education and training institutions:* The 2006 resolution laid the groundwork for the provision of autonomy to institutions of higher education, and for increased accountability. In 2009, a Joint Circular³ provided clarification on ‘the implementation of autonomy and accountability regarding duty performance, organization and staffing of public institutions which have legal status, seal and account and were established by proper authority’. HEIs were specifically mentioned in the list of affected agencies (see Article 2d). Clarifications were provided in two sections, the first on duty performance, organization, and personnel, and the second on staff recruitment, appointment, and management.

Governance reform: Focus on autonomy

In 2010, the Government issued a *Resolution on Innovation in Higher Education 2010–2012*.⁴ This targeted the need for more concerted implementation of annual performance evaluations of faculty as the mechanism for determining pay scales. The resolution also suggested

2. Resolution No. 43/2006/ND-CP, dated 25 April 2006, signed by Prime Minister Phan Van Khai.
3. Resolution No. 07/2009/TTLT-BGDDT-BNV, signed by the Minister of Interior, Tran Van Tuan, and Minister of Education and Training, Nguyen Thien Nhan, on 15 April 2009.
4. Resolution No. 05-NQ/BCSD, issued on January 2010 by the Minister of Education and Training.

‘promoting the autonomy, accountability, internal self-control of the institutions in accordance with the regulations of the state and of the institutions’.

The effects of increased autonomy

Increased autonomy to HEIs led to simplification of the organizational structure at national level with a reduction in staff. Ministry resources are now focused more on national management, strategic planning, development direction, educational laws and policy, and quality management, and less on micro-management.

Increased autonomy and governance reform also had an impact on the decision-making process at national level. Procedures are faster and timelier due to the nature and lower number of decisions being made.

Increased autonomy also had a positive impact on the monitoring and evaluation of HEIs. Monitoring and evaluation are performed through self-assessment, cross-institution assessment, and external assessment. Due to increased autonomy, HEIs are ‘more accountable on the results of assessment’ and ‘more responsive to the assessment findings’. Increased autonomy to HEIs has gradually increased their accountability in terms of institutional quality.

Responses from national decision-makers indicate that increased autonomy at the institutional level has made HEIs more active and creative in terms of academic management, and has resulted in positive impacts on human resource management. Institutional decision-makers are now ‘free to use human resources in the best way possible’ and may make decisions on ‘appointing their employees to suitable positions or decide on the size, quality, and recruitment of human resources’. This in turn has led to ‘efficiency in human resource management’. Increased autonomy required institutional decision-makers to formulate ‘a good strategy to develop human resources in the long run’ and to ‘reduce the brain drain from their institution’. The latter hurdle is unavoidable when institutions are granted flexibility in their financial arrangements to attract well-trained and experienced human resources from outstanding HEIs.

Instead of closely managing human resources at HEIs, national decision-makers now monitor the task done by institutional decision-makers, and assist where needed.

In short, increased autonomy was given to HEIs to increase training quality, facilitate educational management innovation, increase operational effectiveness, and reduce the workload of national decision-makers. In addition, increased autonomy was considered an obvious development step and the logical result of the rapid growth of HEIs.

6.2 Governance reform: Autonomy at the institutional level

Autonomy and accountability resulted in significant changes to academic management at the institutional level. In particular, there have been major changes to procedure and decision-making on curriculum development at universities. Prior to the reform, MoET compiled the curriculum, and academic deans, department chairs, and faculty members followed its content and time allotted for each session exactly, using textbooks from other noted universities to teach students. Since the reform, a rapid increase has taken place in the number and types of training programmes offered to meet the increasing needs of society, facilitated by the autonomy granted to those initiating the changes.

Change is also evident in the increase in human resources at universities and in academic degrees obtained by staff. For example, the number of staff at AGU rose from 198 in 2000 to 836 in 2010. The merging and addition of new units also reflect significant changes in human resource management at universities.

The impact of reform is less evident in financial management. The key change is the adoption of the government decree embodied in the use of internal guidelines for financial management at universities. However, according to institutional decision-makers and staff, there remain problems tied to bureaucracy in the administrative management of different financial offices and inconsistencies in the application of national and local government in this area.

Major changes at the institutional level in governance management include the establishment of different committees/boards such as the

Academic Advising Board, the Research and Development Committee, the Quality Assurance Council, the Career Consultant Association, and the Student Association. These organizations have their own roles in the governance of the university.

Accountability measures adopted in the university

The accountability measures adopted at institutional level are reflected in the publication of annual reports, the public dissemination of those reports, and the publication of information on the university website. Institutions publish information on three areas: (i) the equality of the graduates, (ii) the conditions to ensure the quality, and (iii) finance. This practice reflects a major change in the governance of universities. In addition, AGU is accountable for the training quality it offers, which is reflected in its efforts in quality assurance practice, professional training for staff and managers, transparency in financial management, and the use of external resources.

6.3 Effect on the academic and administrative decision-making process

The effect of autonomy on academic decision-making can be seen in the creation of new courses, the merging/establishment of departments, the setting up of new assessment procedures, the establishment of a system of quality assurance and self-assessment, student services, and so on.

The majority of institutional decision-makers said that universities could launch their new courses and actively offer them to learners whose needs they served, thus enabling institutions to better serve the learning needs of the community. However, the starting of new degree programmes still requires the approval of MoET.

Institutions now have the authority to merge or establish departments/schools within the university. This fact has made decision-making procedures faster and timelier.

A new assessment procedure was said to be more effective by institutional decision-makers and academic staff. The institution can now decide on the evaluation procedure with careful reference to staff ideas and student feedback. This practice led to greater reliability of assessment results. Students now play an important role in the evaluation

of teacher performance. The university can publicize the assessment processes for students and other stakeholders.

The university may also take decisions regarding the establishment of a quality assurance system at the institution. All departments of the university are responsible for designing and updating programmes, evaluating teaching staff, collecting data, and making frequent self-assessments of their work. This practice has had a positive impact on quality improvement at the university.

The effects of autonomy on financial decision-making are less evident due to numerous other administrative requirements from financial offices at different levels. However, flexibility is reflected in the utilization of different financial sources, especially from donations. Regarding the budget plan, most interviewees stated that 'planning and budget preparation is being implemented proactively thanks to the financial guidelines of the university'. However, some staff complained that the procedure is still complicated and that they 'need more time to get accustomed to the new process'.

Generation of new funding resources in addition to government funding remains 'difficult and ... limited'. Although the university can make decisions on income-generating activities, including academic and research collaborative projects with outside institutions, in practice there has been little significant development in this area.

The university has actively taken decisions regarding expenditure based on internal financial guidelines. This can reduce time spent on administrative tasks and various processes. However, decisions not based on guidelines usually take longer to be processed. Institutional decision-makers may not take decisions on financial matters where there is no corresponding regulation or guideline.

The allocation of internal resources among and within different faculties now falls under the remit of institutional decision-makers. Usually, plans for activities are made at the start of each academic year then submitted to institutional decision-makers for approval prior to implementation throughout the year. Budget allocations must be based on faculty plans. This practice, according to interviewees, has had a positive impact on the accountability of each unit at the university.

Effect on staff performance and evaluation

Changes are visible in different areas of the institution. In interviews with institutional decision-makers regarding assessment of those changes, the majority agreed that current documents on increased autonomy facilitated the changes. However, according to them, autonomy was not fully implemented due to uncertainty/unclearness regarding some of the regulations, differences in interpretation of regulations among different offices, and conflicts about certain items within the regulations or across national and local governments.

Some institutional decision-makers expressed doubts as to whether certain changes occurred as a result of governance reforms or because those changes formed part of obvious development trends, regardless of governance reform.

Perceptions of change due to autonomy

Changes due to increased autonomy granted by the central government to the institutional level were viewed as possible and necessary. University stakeholders believed that these changes were logical for development, taking into consideration the growth in quality and quantity of HEIs, and the higher expectations of students and other stakeholders in the context of globalization.

A survey among academic staff indicated that changes are most visible in decision-making processes and procedure, curriculum development and study programmes, staff evaluation and management, financial management, student recruitment, student management, and administrative procedures. Nearly 86 per cent of respondents identified changes in academic programmes as the most important change, while 64 per cent indicated that changes in staff management and evaluation are important.

A majority of respondents think that increased autonomy in institutional governance and structure is based on the decisions of the provincial committee of the party. Decisions for promotions are issued by the administrative department. This process is particular to the internal characteristics of each unit. The university created separate units for income-generation activities and the institution succeeded

in mobilizing some additional income from non-government sources. The introduction of courses (short-term training courses, non-regular classes, etc.) took place on a cost-recovery basis.

6.4 Conclusion: Implications for introducing reforms in universities

Governance reform and increased autonomy have not fully achieved the intended objectives due to a lack of clarity and inconsistency in the guidelines given from central government to the institutions. There were also instances of confusion regarding guidelines issued between the central and local governments, on the one hand, and between different ministries, on the other.

National and institutional decision-makers believe that governance reform and increased autonomy for HEIs is a good policy. The study shows that autonomy helps to reduce workload at the national level, giving national decision-makers more time to work on strategies for educational development at the macro level. Increased autonomy provides institutional decision-makers with more flexibility, power, and freedom to operate their institution. Increased autonomy has positive effects on the restructuring of governance and management, curriculum development, human resource management, financial arrangement and management, decision-making procedures, resource allocation and management, student recruitment and assessment, and staff management and evaluation.

Increased autonomy is also associated with increased accountability measures. The government demanded stronger accountability from the institutional decision-makers of both senior and middle management and even academic staff. Neither national nor institutional decision-makers believe that governance reform has achieved its intended objectives, although the direction of change as a result of the reform is appreciated. It is also felt that there is a need to train the heads of institutions on leadership skills and educational management. In addition, there is a need for regular meetings for both national and institutional decision-makers to discuss and share their experiences in applying governance reform. This will provide national decision-makers with vital feedback on the success or otherwise of the reforms.

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The book



Many governments in Asia have granted greater autonomy to institutions of higher education in recent decades. It was expected that this autonomy would lead to new governance structures and enhance the operational efficiency of institutions. Has autonomy led to improved efficiency at the institutional level and overall effectiveness at the system level? This was the central question addressed by the IIEP research studies included in this volume.

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The editors

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