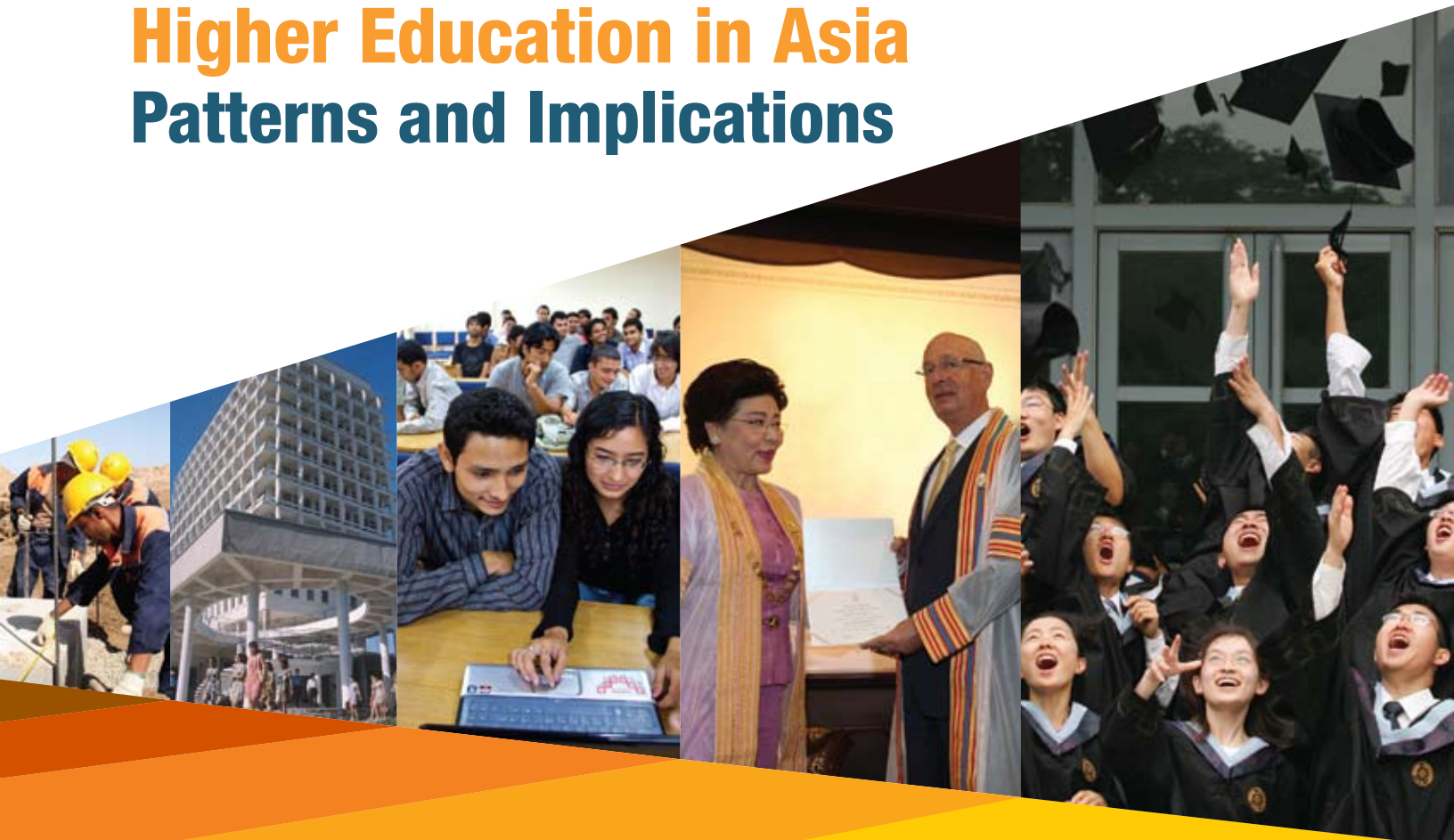


Administration and Governance of Higher Education in Asia Patterns and Implications





ADB

ADMINISTRATION AND GOVERNANCE OF HIGHER EDUCATION IN ASIA

Patterns and Implications

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HIGHER EDUCATION IN DYNAMIC ASIA

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Abbreviations

ACC	Accreditation Committee of Cambodia
ADB	Asian Development Bank
AKEPT	Akademi Kepimpinan Pengajian Tinggi (Higher Education Leadership Academy)
ASCC	Asean Socio-Cultural Community
ASEAN	Association of Southeast Asian Nations
BAN-PT	Badan Akreditasi Nasional Perguruan Tinggi, Indonesia
BoD	board of directors
BoR	board of regents
BoT	board of trustees
CHED	Commission on Higher Education, Philippines
CSC	Civil Service Commission
DBM	Department of Budget and Management, Philippines
DGHE	Directorate General of Higher Education, Indonesia
DOF	Department of Finance
DVC	deputy vice chancellor
EHEA	European Higher Education Area
EQAA	external quality assurance agency
GATS	General Agreement on Trade in Services
GDETA	General Department of Educational Testing and Accreditation, Viet Nam
HEI	higher education institution
Lao PDR	Lao People's Democratic Republic
LUCs	local universities and colleges
M&E	monitoring and evaluation
MOE	Ministry of Education

MOET	Ministry of Education and Training, Viet Nam
MOEYS	Ministry of Education, Youth and Sports, Cambodia
MOF	Ministry of Finance
MOHA	Ministry of Home Affairs, Viet Nam
MOHE	Ministry of Higher Education, Malaysia
MONE	Ministry of National Education, Indonesia
MQA	Malaysian Qualifications Agency
MQF	Malaysian Qualifications Framework
NUOL	National University of Laos
OECD	Organisation for Economic Co-operation and Development
OHEC	Office of the Higher Education Commission, Thailand
ONEC	Office of the National Education Commission, Thailand
ONESQA	Office for National Education Standards and Quality Assessment, Thailand
PAI	public administrative institution, Cambodia
PGI	public government institution
PNBP	nontax state revenues, Indonesia
PSG	policies, standards, and guidelines
PSI	public service institution
QA	quality assurance
QAC	quality assurance center
SOLE	state-owned legal entity
SSL	Salary Standardization Law
SUCs	state universities and colleges
UP	University of the Philippines
VC	vice chancellor

Foreword

Quality education is essential for creating a sustainable human resource base upon which to build a country's development. Asia is experiencing a growing need for skilled managers and professionals in a variety of fields. Investing in higher education will help developing Asian countries build high-income economies with the innovation, knowledge, and technology needed to thrive in an interconnected, competitive world.

The Asian Development Bank (ADB) has accumulated significant experience in providing support for improving education systems in its developing member countries. In response to the growing needs of these countries, ADB is boosting its support for higher education. The changing landscape of higher education requires new thinking and updated practices. Questions central to the issue include: What are the strategic and operational priorities for higher education in the region? How should support be targeted to achieve a high, sustainable impact? How can ADB best assist its developing member countries to substantially raise the quality of and expand access to higher education within a reasonable, yet ambitious, time frame?

To provide insights into the kinds of changes demanded in higher education, ADB financed a major regional study drawing on the views of subject experts, higher education leaders, regional stakeholders, and participants of an international conference on higher education in Asia.

Higher Education in Dynamic Asia is the result of this study. I am confident that it will provide valuable input into the process of higher education reform across Asia. It will also provide critical input into ADB's work in assisting the region to develop the full potential of its people.



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Preface

Higher education in Asia is facing many unprecedented challenges. The race to restructure and reform higher education systems is accelerating among developing countries in the region. Most countries have resorted to granting more institutional autonomy to higher education institutions (HEIs) with the hope that the increasing management flexibility will expedite the process of higher education development. Countries in the Asian region have reached different stages and have developed their own definitions of autonomy and reform measures, due to disparities in their political and social structures as well as the backgrounds of their higher education systems. Despite their differences, countries in Asia share one common element, viz., the higher education sector is a strategic lever for long-term and sustainable development.

It is clear that the Organisation for Economic Co-operation and Development countries are now strategizing higher education moves in order to pursue such national, and perhaps regional, objectives as economic growth and social cohesion. In Europe, for example, attempts have been made through the Bologna Process to reform and modernize the structure of higher education to accommodate the rapid social and economic transformation caused by the increasing interactions of HEIs and by multifaceted higher education activities. The ultimate goal of this process is to prepare HEIs and national governments in the European Union for the launch of the European Higher Education Area (EHEA). It is strongly believed by European governments that the common EHEA will serve as a foundation for future regional economic and scientific development and will be run by a pool of experts and students.

Governments in Asia have set their sights on the same objective, although not exactly to the same structural degree and scope. It is commonly viewed in Asia that higher education is more than the provision of a public good but is also a strategic move toward greater growth and social solidarity. As reflected in the Roadmap for an Association of Southeast Asian Nations (ASEAN) Community 2009–2015, highlighting higher education reinforces the aim to establish an ASEAN Socio-Cultural Community (ASCC) through which awareness, mutual understanding, and respect for the different cultures, languages, and religions of the people of ASEAN are expected (ASEAN 2009). Above all, the ASCC also envisions the end goal of economic integration, aiming to create a single market and production base, making ASEAN more dynamic and competitive.

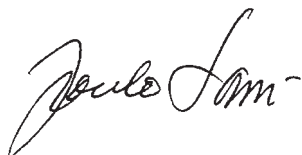
Apart from the focus on human resource development, governments and HEIs in this region are well aware of the importance and the meaning of “adaptation” as a result of the changed objectives and vision of the higher education sector. At the level of both national and institutional governance, governments and HEIs have had to adapt to counter the common problems of higher education, including quality, access, equity, and outdated governance systems. *Increasing autonomy* seems to be the aim of most countries in the region, and, while admittedly it sounds like policy jargon, it holds the key to solving the problems and securing the success of higher education development. The degree of success in transforming the higher education

sector into a development level depends very much on the capability of both national agencies and HEIs to work together to create more alignment, lessening tension and achieving a more balanced governance system.

This publication, *Administration and Governance of Higher Education in Asia: Patterns and Implications*, provides timely analysis in this important field of higher education reform in the Asian region, with emphasis on Southeast Asia. It analyzes higher education and governance issues by grouping countries into clusters that share the same political and higher education background, as well as similar measures adopted to carry out the reform, so as to better illustrate the picture of higher education reform in the region.

The first chapter focuses on the challenges faced by HEIs and sets the context for an analysis of the problems of higher education governance and administration. The second chapter considers the structure of higher education governance systems at the national level in terms of the degree of government control, funding mechanisms, and personnel structure, thus demonstrating the differences between country clusters. The third chapter focuses on recent national reforms that were meant to provide more accommodating systems for public HEIs, particularly through various incentives, programs, and increasing autonomy. The fourth chapter deals with how national reforms have affected the management and operation of HEIs at the institutional level, particularly those reforms related to giving more institutional autonomy. Contrary to the popular belief that one type of autonomy has been applied to all, there are actually different levels of autonomy being granted, and HEIs may be enjoying different degrees and types of autonomy, even within the same cluster. The final chapter presents operational recommendations to development partners, such as the Asian Development Bank, for helping developing countries in the region in their efforts to improve administration and governance in higher education.

The publication draws on study material prepared by Nopraenue Dhirathiti. Hazel Medrano provided administrative support. Stephen J. Banta provided editorial advice and inputs. Dorothy Geronimo coordinated the typesetting and publication process. Many thanks to all for their contributions.



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Challenges in Administration and Governance of Higher Education in Asia

This chapter discusses the challenges faced by the higher education sector in Asia in order to set the foundation for understanding the underlying problems of higher education governance and administration by both national governments and higher education institutions (HEIs).

Autonomy

The issue of autonomy is currently the most pressing and controversial issue in the higher education sector across the region. As the structure of higher education in most countries has become increasingly diverse and complex, it is commonly agreed that “decentralizing authority and providing more autonomy” to HEIs seems to be the most appropriate approach for managing such complexity. As pointed out by the Organisation for Economic Co-operation and Development (OECD), autonomy is usually determined by the level of capability and the right of an institution to decide its own course of action pertaining to institutional policy, planning, financial and staff management, compensation, students, and academic freedom, without the interference of outside authorities. OECD (2003) concluded that the term is a relative concept, existing to different degrees in different contexts. However, the common ground for assessing the level of autonomy in HEIs usually consists of such elements as

- academic freedom,
- budget or funding implications,
- staff management, and
- quality supervision.

Granting autonomy is not a one-way process or a formulaic set of policies to achieve successful higher education management. It is not only about asking what freedoms HEIs are going to obtain from the government but also about what freedoms the government is willing to give. The latter certainly entails the government provision to adopt legal reforms, restructuring of public funding mechanisms, and personnel regulations. The expectation of HEIs to exercise their own power and judgment and the willingness of the government to relinquish control can be a source of tension, especially when both parties define the term “autonomy” in different ways. Even though most national governments have claimed to prepare a coherent infrastructure to impose implementation of the new policy and to give more autonomy, differences in definitions of autonomy vary between countries.

Quality

Educational quality has always been the primary concern in the development of higher education in the region. The emergence of private institutions as the key providers of higher education has made this issue more prominent. A shift occurred following the General Agreement on Trade in Services (GATS), which defines education in terms of trade and includes it as one of 12 key service areas. Expansion of the higher education sector following the GATS was evident. The expansion addressed education in terms of economic or commercialized goods, rather than as a public good as it had been seen previously. While the GATS offers the opportunity for the higher education sector to marketize and trade its services, the expansion of entrepreneurial institutions in the region has posed the question of whether quality in these institutions is totally assured and by whom.

In some countries, private investment has poured into the sector, and the number of private institutions occupies more than three-quarters of the overall higher education provision. In Cambodia, for example, of 73 HEIs, 44 are private; in 2002–2003 alone, about 16 private institutions were established. Admittedly, most of the private HEIs offer market-oriented programs. The government of the Lao People's Democratic Republic (Lao PDR) also stated that it will encourage further expansion of private HEIs with the objective of relieving some of its burden of financing the higher education system. The Philippine higher education system has also been characterized by rapid expansion in the last 10 years: The number of HEIs increased from 1,380 in 2001 to 1,785 in 2010, growing by an annual average of 45 new ones or 3%. Only 11.8% of all HEIs in the Philippines are public, and 88.2% are private. Indonesia also shares the same tradition of relying on private provision to respond to the increasing demand for higher education: Of 3,016 Indonesian HEIs, 2,933 are private (SEAMEO RIHED 2010).

The trend of increasing private investment in higher education is a double-edged sword. On the one hand, private funding helps improve the higher education sector in the face of competition in a free market economy. In some cases it helps alleviate excess demand and raise standards, such as the emergence of elite HEIs in Malaysia, Philippines, and Viet Nam (UNESCO 2006). It also eases many governments from the burden of subsidizing HEIs. On the other hand, the quality of higher education is sometimes at stake, and must be assured by both the governments and HEIs as part of public accountability. One of the most effective means is to establish quality assurance (QA) systems to ensure that the quality of education in HEIs is appropriately maintained. However, the current stage of QA development in Southeast Asia is more or less similar to those in other developing countries in the sense that most of the QA systems operate as national, formal mechanisms. Half of the countries in the region, including Cambodia (Accreditation Committee of Cambodia [ACC]), Indonesia (Badan Akreditasi Nasional Perguruan Tinggi [BAN-PT]), Malaysia (Malaysian Qualifications Agency [MQA]), Philippines (Accrediting Agency of Chartered Colleges and Universities in the Philippines; Philippine Accrediting Association of Schools, Colleges and Universities; etc.), Thailand (Office for National Education Standards and Quality Assessment [ONESQA]), and Viet Nam (Department of Education Testing and Accreditation) are reported to have national QA systems either operating under the umbrella of the ministry of education or partly funded by the government, as shown in Table 1.

Table 1 Comparison of Quality Assurance Models in Southeast Asia

	Brunei Darussalam	Cambodia	Indonesia	Lao PDR	Malaysia	Myanmar	Philippines	Singapore	Thailand	Viet Nam
Independent Bodies	-	-	1994 National Accreditation Board	-		-	1987 AACCU ^a	1996 SAC ^d	2000 Office for National Education Standards and Quality Assessment	2003 General Department of Education Testing and Accreditation
External QA	1990 National Accreditation Council	2003 Accreditation Committee of Cambodia (ACC)		2008 QA Center	2007 Malaysia Qualifications Agency for public HEIs	-	1957 PAASCU ^b	Higher Education QA Section		
Internal QA	University of Brunei Darussalam QA management team	ACC set up 9 basic standards for institutional level	Internal QA system of each university	2001 Internal QA system of National University of Laos and Ministry of Education	1996 National Accreditation Board for private HEIs	-	1967 PACUCOA ^c etc.	Ministry of Education's Quality Assurance Framework for University	Bureau of Standards and Evaluation, Commission on Higher Education	

HEI = higher education institution, Lao PDR = Lao People's Democratic Republic, QA = quality assurance.

^a Accrediting Agency of Chartered Colleges and Universities in the Philippines.

^b Philippine Accrediting Association of Schools, Colleges and Universities.

^c Philippines Association of Colleges and Universities Commission on Accreditation.

^d Singapore Accreditation Council.

Source: SEAMEO RIHED 2009.

Evidently, the majority of Southeast Asian countries have already established and developed their national QA mechanisms such as have Indonesia, Malaysia, Philippines, and Thailand. Some have proved to be very efficient in undertaking QA of HEIs and courses or programs, both through external QA agencies and through guidelines provided by national authorities. In the Philippines, for example, in addition to the capable and numerous external quality assurance agencies (EQAAs), the Commission on Higher Education (CHED) constantly updates the policies, standards, and guidelines (PSGs) for curricular programs in various disciplines. HEIs are compelled to use the PSGs as minimum standards when offering degree programs. The compliance of HEIs with the PSGs is monitored by the regional offices of CHED and by CHED technical panels and technical committees—the groups of experts in the academic community and industry who advise the Commission on these matters (SEAMEO RIHED 2010). It is generally agreed by many HEIs, and also by countries that have mature QA systems such as Indonesia, Malaysia, and Thailand, that QA should be internally driven, should be institutionalized within each organization’s standard procedures, and could also involve external parties.

In Thailand, while being evaluated by EQAAs, HEIs are also responsible for conducting their own internal QA, which comprises quality control, quality audit, and quality assessment in the form of self-assessment reports. The Office of the Higher Education Commission (OHEC) serves as the coordinator with the national EQAA, ONESQA, in providing internal QA guidelines, supporting HEIs with knowledge sharing, and ensuring effective communication flow, as well as following up on further corrective actions by HEIs after external assessments are completed. In some other countries such as Mongolia, the quality system is embedded in the degree structure itself. Many other countries in the region have yet to reach the stage of mature QA infrastructure, such as Cambodia, Lao PDR, and Viet Nam. In some cases, QA agencies are even younger than most of the HEIs in the country. Therefore, some of these agencies find it almost impossible to carry out mandatory duties in assuring and monitoring the quality of higher education in the country. This has made QA one of the most challenging priorities in managing higher education in the region.

Access and Equity

Providing equal access and equity in higher education through the provision of learning opportunities for all citizens is a key priority for most of the countries in the region. This is the area where most countries share the same problems and the same focus. Countries have different approaches for access and equity. For some such as Cambodia and Lao PDR, access and equity are interpreted as establishing mechanisms to ensure that all graduates from the school sector have equal opportunity to access HEIs. The historical situation in these countries was that the number of HEIs, especially public HEIs, was too few to accommodate public demand. These countries resorted mostly to private investment through the establishment of private HEIs. In Cambodia before 1997, the higher education system was relatively small and fragmented among various ministries. When privatization was introduced to the Cambodian higher education landscape in 1998, the number of HEIs grew from practically none to more than 70 in a decade.

As previously noted, more than three-quarters of the HEIs in Cambodia are private—growth that is taking place largely in response to the demand generated by the increasingly large number of

students (Ngoy 2008). Boupha (2008) stresses the same thing in the Lao PDR, which is currently facing the challenges of higher demand for access to HEIs. However, the capacity to meet the increasing number of students in the Lao PDR is still limited compared with Cambodia. In 2006, fewer than 50% of Lao upper secondary school graduates gained access to public HEIs. It was foreseen that the gap between enrollment demand and admission capacity of public HEIs would widen over time. Hence, the escalating number of private colleges, especially in business-related disciplines, is inevitable in order to meet demand. University admission systems, including quota and nonquota systems, and student financial assistance and enrollment schemes were considered to ensure equitable access to the system. Further comments were made on access and equity in Indonesia, Malaysia, Philippines, and Thailand that:

Access/equity is largely concerned with sustaining the enrollment and participation rate of underprivileged students and special talents, as well as allowing HEIs to continue their operations without charging burdensome tuition and miscellaneous fees, affecting students who can currently afford a place in HEIs on their own. This can be done through several measures, mainly scholarships, loan schemes, and voucher programs. In most cases, it is evident that these government measures will be accompanied by support from other donors, financial institutions, and also HEIs. The latter particularly help develop programs to support the implementation of such schemes by identifying criteria for recruiting underprivileged or especially talented students. Indonesia and Thailand provide examples where the coordination between HEIs and relevant government agencies is in place to provide opportunities for these students through affirmative action and incentives (S. Yavaprabhas, pers. comm. 10 June 2010).

Moreover, access and equity for this group of countries are not limited to those of school age, but also include programs for mature and employed individuals such as in-service training for school teachers or specialists in a particular industry. Access and equity in this sense extend into the area of lifelong learning and continuing education. Indonesia is very keen on providing distance education programs to a well-targeted segment of the population in order to ease the pressure of increasing demand for access. Open universities in Indonesia, Malaysia, and Thailand are the safety net to absorb excess demand and provide opportunities for those who cannot enter traditional public or private HEIs. In the Philippines, the Ladderized Education Program was adopted to provide students who leave HEIs in midstream with proficiency certificates and credentials so that they can be employed as middle-level technicians or blue-collar workers. According to Defensor (2010), the measures employed by the countries in this group suggest that access and equity should be addressed in terms of a lifelong process—allowing people to enter, leave, and reenter the higher education system at any point in life and at their own pace, with HEIs and a higher education system that can accommodate them at any time. Access in this sense is not access to a particular HEI but access to knowledge at any given point in time.

Key Characteristics of National Governance Structures

This chapter examines the recent transformation of national governance structures and the scope of regulations imposed on HEIs as a result of recent trends in higher education development in selected countries in Asia. It addresses the current expansion of the higher education sector and its changing role in the sociocultural and economic aspects of development. It also looks into the alignment between reforms and laws on institutional practices, as well as the impacts of these reforms on the overall managerial practices of HEIs. Finally, this chapter showcases key strategic policy innovations in countries that have added value to higher education governance across the region, and analyzes possible impacts on the future direction of higher education development in Asia.

Most countries share the same goals for their higher education sectors: upgrade and sustain the quality of the system, promote equity and access to higher education for both school-age students and those who prefer to join higher education at a later stage, and acquire institutional autonomy for more efficient management of HEIs. However, Asia's diverse higher education systems make it impossible and inaccurate to depict a single and unitary form of higher education governance. Further, although every country claims to have been undergoing higher education reform and restructuring, variations on the higher education governance model still exist, including differences in the level of government control, in funding arrangements, and in personnel and civil service systems. The variations are due mainly to differences in physical, economic, and social infrastructure; political inclination; and the importance of higher education in national development objectives.

This chapter discusses three major models of higher education governance systems in the region by analyzing clusters of countries. Cluster 1 consists of Indonesia and Malaysia. Cluster 2 comprises Philippines and Thailand and also considers Indonesia. Cluster 3 consists of Cambodia, Lao PDR, Mongolia, and Viet Nam.

Cluster 1: Indonesia and Malaysia

Level of Government Control

Indonesia and Malaysia have much in common regarding their higher education governance systems. The higher education sectors in these two countries both have a highly centralized structure, in the sense that tertiary education is seen as the main responsibility of a ministry, the Ministry of National Education (MONE) in Indonesia and the Ministry of Higher Education (MOHE) in Malaysia. However, the higher education sector in both countries has evolved into a dualistic system comprising both public and private HEIs, where the latter far outnumber the

former. In Malaysia, public universities account for less than 20% of the total HEIs; there are 86 public universities or colleges and more than 400 private institutions. In Indonesia, the private-public HEI ratio is more staggering. There are about 83 public institutions across the country, while there are almost 3,000 private institutions; public institutions thus account for only 3% of the total HEIs in Indonesia. The expansion of private HEIs in both countries means that private higher education is the guarantee of access and equity, and public higher education is the government's engine to steer the country toward excellence and development.

At the national level, HEIs in Indonesia and Malaysia are governed by several laws and acts of parliament. Malaysian HEIs are governed by key acts, including the Universities and University Colleges Act (1971, amended 1996), National Higher Education Council Act (1996), and Malaysian Qualifications Agency Act (2007). The first two were enacted with the purpose of providing for the establishment, organization, and management of public HEIs and also to plan and formulate national policies and strategies for the development of HEIs. The legal stipulation is believed to be the most important instrument of MOHE to tell public universities to be up to standard.

On the one hand, it can be argued that the centralized system is the most effective way to help MOHE and the country realize the goal of making Malaysia a center for higher education excellence. It is easier to direct higher education policy from the top and focus on the areas that are best for the country. On the other hand, strict government control only creates an environment where the prime movers and agenda-setting agents of higher education are not HEIs, but the government, through its standards and directions. In other words, it is not the environment for HEIs to be creative and self-reliant in terms of managing their own intrinsic assets and developing unique values of individual Malaysian HEIs.

However, true development could not have happened without granting the right dose of power and the right kind of freedom. Despite the attempt to reform the higher education sector, evidence shows that Malaysia is now experiencing a dilemma in balancing institutional freedom and government control. One futile effort has been the implementation of the legal framework to transfer administrative powers to HEIs through their boards of directors (BoDs). In the Universities and University Colleges Act, the university councils were replaced by the respective university BoDs. However, MOHE recognizes that the amendments have not as yet fulfilled their intended purposes. The current practice of centralized administration is neither practical nor strategic. The BoD continues to function as a university council and has neither the status nor the authority to act as a true corporate board.

Other examples of the tension between Malaysian HEIs and MOHE can be witnessed in internal matters such as program content and the number of students. HEIs in Malaysia do not really have the authority to decide on the number of students. The topics and content of new degree programs also have to be approved by MOHE. In 2005, all universities immediately complied with the Ministry's requirement to rewrite their degree programs according to the Ministry's ideas on the competencies that students should acquire. Although the Malaysian Qualifications Framework (MQF) was supposed to be a guideline, those in charge ("Little Napoleons," as some have called them) tried to standardize the programs. What in developed countries would be considered deep intrusions into academic freedom were accepted unquestioningly by many academics in Malaysia because, ultimately, they wanted their programs to be recognized and credited.

However, many HEIs fought hard with MOHE on new programs and argued that the university must be given the authority to decide on cost, new programs, content, and methods of instruction, in consultation with industry and other stakeholders, without much interference from a national body like MOHE.

Indonesia, on the contrary, has categorized four models of HEIs:

- state-owned legal entity (SOLE) HEIs,
- public service institutions (PSIs),
- public government institutions (PGIs), and
- private institutions.

Restructuring the types of HEIs could be seen as an approach to the reform of higher education, particularly for empowering HEIs to learn to govern themselves effectively. In this chapter, only the first three models, which are public HEIs, will be discussed.

Among the three governance models, SOLE HEIs are the most autonomous; the level of government control and intervention is relatively low. Their autonomy level, especially in terms of academic freedom and resource management, is similar to HEIs in Philippines and Thailand. Unlike the SOLE HEIs, PSIs and PGIs function as if they were government agencies. PGIs are especially under the full scrutiny of the government, and their autonomy is very limited. In this sense, PGIs and PSIs have much in common with public HEIs in Malaysia. Therefore, in this chapter, SOLE HEIs will be examined under Cluster 2, while the other two will be discussed here under Cluster 1.

In terms of policy impact, each category serves a different purpose in providing higher education services in Indonesia. PSIs and PGIs are controlled fully or mostly by MONE. Under the same legal environment, public HEIs in Indonesia are governed by Law No. 20 (National Education System, 2003), Law No. 9 (Legal Entity in Autonomous HEIs, 2009), and Government Rule No. 17 (Organization and Management of Education, 2010). PSIs and PGIs are similar in terms of their organizational structure and the composition of the university senate. The PSI model is in fact a unique mechanism of the Ministry of Finance (MOF) to administer government institutions with partial autonomy for delivering public services such as hospitals and HEIs. The PSI model was recently applied to HEIs as a step for these institutions to transform into SOLE HEIs in the future.

Compared with PGIs, the government grants more freedom to HEIs in the PSI model in terms of setting up their own academic agenda as well as their strategic preferences, with the approval of MONE. HEIs in the PGI model, on the contrary, are under the direct control of the Directorate General of Higher Education (DGHE) within MONE. MONE and MOF exert their control over both PSIs and PGIs through their boards of supervisors or trustees. In a sense, this is how the government controls the direction of HEIs and ensures that the budget is appropriately spent. MONE is cleverly using this strategy to facilitate Indonesian public HEIs in the transition period before transforming them into fully autonomous entities.

Funding Arrangements

One of the most controversial governance issues nowadays is how a government makes use of the budget available to upgrade personnel incentives, and teaching and research standards in HEIs. Given the trend and demand for more autonomy, the tension here is whether the government will be willing to relinquish its total financial control and hand over financial power to HEIs or whether national authorities will retain some of their say in matters of finance and accountability. While varying from cluster to cluster, most countries in Asia are trying to balance financial flexibility and accountability. Some governments have introduced a new budgeting system or revised financial regulations to accommodate HEIs; some are using special financial plans as incentives for the development of research and innovation.

However, evidence shows that countries in Cluster 1 have not been as successful in lessening the financial tension, as most HEIs are still a part of the national budgetary structure and rely heavily on the government. According to Azman (2010), the funding of public universities in Malaysia did not traditionally take into account institutional, and by extension, individual performance and productivity. Realizing the weakness of this approach, particularly with respect to accountability and transparency, a new Modified Budgeting System was introduced in 1997 as an output-oriented budget allocation mechanism for all public HEIs. There are also special budgets for programs to pursue national strategies, and these are usually top-down budgets allocated to specific universities or centers of excellence, normally announced in the yearly budget plan or the 5-year plan. Thus, universities must strengthen their research activities, invest in specialized or niche research, and capitalize on technology commercialization to help the government build up the science and technology capacity of the country. There are also budgets for special ad-hoc programs that are usually based on crises or urgent issues faced by the country.

Despite the new budgeting system, strict control over funding arrangements from the government to HEIs is still the key problem of higher education governance in Malaysia. At present, public HEIs receive around 90% of their funding from MOHE and other government sources (MOHE 2010). Being owned and funded by the government, public HEIs are expected to ensure that their strategic objectives are in line with those of MOHE, for example, to become more dynamic and competitive and so on. Having to refer to national objectives when considering strategic choices for HEIs is not a bad thing; however, the implication of receiving financial support almost entirely from the government does yield some disappointing results. By not having the power to manage their own budgets, all the academic staff are still classed as civil servants and have to observe the rules and regulations of the government. Above all, their compensation is fixed through the levels set by the Public Service Department. This discourages faculty members and staff from creating value-added innovation, because the compensation rate is not enticing enough.

Indonesia is experiencing the same conditions. The budget and compensation systems of PSIs and PGIs are closely attached to the regular government budget. Therefore, both types of HEIs have less flexibility in planning and budgeting and even less flexibility in setting up their compensation and incentive systems. The only difference between PSIs and PGIs is that HEIs in the PSI model can seek profits, even though they should not focus on such. HEIs in the PGI model also have to prepare their budgets by fully following the guidelines of the government.

The government budget allocation is processed through several ways such as the operating budget to pay civil servant staff, competitive grants, and development projects. The entire budget is proposed by the HEIs to the central government through MONE. For competitive grants, HEIs submit proposals relevant to the programs being competed for. The competitive programs are conducted to stimulate innovation in pedagogy, and to improve the quality of education and research. For development projects such as investment in HEI infrastructure, HEIs also propose the plan to the central government. The government allocates budget for national priorities such as programs to improve entrepreneurship, education for sustainable development, conservation of energy, and programs to improve the qualifications of academic staff. Despite the several venues available to secure budget from the government, HEIs still find fault in the red tape and lack of financial flexibility.

Personnel and Civil Service System

Personnel systems in most Asian HEIs are divided into two tracks: government officials and university employees. However, the ratio of government officials to university employees varies from HEI to HEI and from country to country, depending on the degree of autonomy and financial flexibility given by their respective governments. In Cluster 1, academic staff of public HEIs are mostly government officials. This suggests that their compensation structure follows the government's system of compensation. Some countries have tried to compromise by creating a new system of compensation, separating educators from other government officials. Further elaboration was made as follows:

In the case of Indonesia, government official academic staff are now under the educator's compensation system, which is different from other types of civil servants. This is the case, because those working for HEIs are evaluated based on their performance in areas different from other types of civil servants, including education, research, and community service. Following the government's initiative in establishing the SOLE universities, the personnel system in public HEIs is being transformed through the dual track for university employees and government officials. MONE also recognizes the current trend in the detachment of university staff from civil service (A. Na'im and D. Sutjiningsih, pers. comm. 3 June 2010).

A change of public university staff from tenured civil service into contract-based university employment is being piloted in the SOLE universities along with the consideration to provide university staff with special treatment or exemption from the uniform civil service regulations. Therefore, contract-based civil service or part-time permanent staff might be options for the future in Indonesia.

The key characteristics of Cluster 1 are summarized in Table 2.

Table 2 Summary of Key Characteristics of National Governance Structures in Cluster 1

Characteristic	Indonesia ^a (PSIs and PGIs)	Malaysia
Level of Control (by respective authority)	Medium-High	High
Highest Level of Authority	Board of supervision with MONE/MOF (PSIs) or MONE (PGIs) representation	Ministry of Higher Education (MOHE)
Highest Level of Authority for Academic Issues	University senate (PSIs) or university senate and MONE (PGIs)	BoD
Law and Regulations	National Education System Law (1989, amended 2003)	<ul style="list-style-type: none"> Universities and University Colleges Act (1971, amended 1996) National Higher Education Council Act (1996) Malaysian Qualifications Agency Act (2007)
Funding	MONE and HEIs	90% from MOHE 10% self-generated funds
HEI's Strategic Objectives	Developed by HEIs and approved by MONE	Strictly in line with MOHE
Selection Process for HEI's Top Administrators	MONE	MOHE with recommendation from a selection committee
Selection of HEI's BoT/BoD/BoR/ University Council	MOF	MOHE
Employee Status	University employees (PSIs) and civil servants (PGIs)	Civil servants
Salary and Incentive System	Office of Civil Service (PSIs) and MONE (PGIs)	Public Service Department
Student Enrollment	University (PSIs) and MONE (PGIs)	MOHE
Tuition Fees	MOF (PSIs) and MONE (PGIs)	Guidelines by MOHE (undergraduates), university (postgraduate)

BoD = board of directors; BoR = board of regents; BoT = board of trustees; HEI = higher education institution; MOF = Ministry of Finance, Indonesia; MOHE = Ministry of Higher Education, Malaysia; MONE = Ministry of National Education, Indonesia; PGI = public government institution; PSI = public service institution; SOLE = state-owned legal entity.

^a Excluding SOLE universities.

Cluster 2: Indonesia, Philippines, and Thailand

Level of Government Control

The national governance systems of Philippines and Thailand share some common characteristics with countries in Cluster 1. The involvement of the central governments in managing HEIs is relatively low, if not totally absent. All HEIs enjoy managerial freedom through their boards of trustees or regents while still adhering to some national regulations in terms of budgeting and personnel systems. In the case of Indonesia, there are three types of public HEIs as mentioned previously, of which two are highly controlled by MONE: PSIs and PGIs. However, Indonesian higher education governance is special in a way, because there is the other type of public university, which is mostly autonomous in terms of both academic freedom and resource management. This SOLE model of public universities is relatively new. HEIs in this group are supposed to be entirely separate from the government administration system. They are governed by the Law on the Stipulation for Public Higher Education Institutions as Legal Entity (1999) and have their own budget and compensation and tuition systems. For accountability matters, they report to their own governing boards of trustees (BoTs) and also to the government to ensure that they comply with education regulations and have achieved satisfactory performance.

Indonesia is one of the finest examples of a government's willingness and attempt to find a balance between withholding authority from and yielding autonomy to HEIs. One of the key pieces of evidence showing the willingness of the government to provide more freedom to SOLE HEIs is the increasing role of BoTs, in which the majority of members are from academia or are stakeholders. In practice, the level of control of the government over SOLE HEIs is still apparent, especially in terms of funding and personnel structure. Having said that, it is the strategy of the Indonesian government to help healthy HEIs establish their own governance systems. It is a part of the plan to decentralize HEIs, but with the cautious understanding that not all public HEIs are created equal. They are different in their development stage, financial soundness, opportunities, and ability to serve certain groups of the population. Some have the potential to be globally competitive, and this vision can be achieved only through decent decentralized and effective management practices. The ultimate goal is to encourage top-tier HEIs to shape and commit to their own strategic values and build their own academic capacity, and also to rechannel resources to assist other public HEIs with their management and other needs.

In the Philippines, CHED is traditionally the highest policy-making body with jurisdiction over the delivery of all higher education programs. In a sense, the manner of governance of higher education in the country is highly structured, as all public HEIs are subject to the direct control of CHED via the presence of the CHED chairman in their boards of regents (BoRs). Nevertheless, the Philippine government has also made a move toward relinquishing government control over state universities and colleges (SUCs). In 1997, Congress passed Republic Act No. 8292, which provides for the uniform composition and powers of the governing boards of SUCs. The Act also includes provision for the selection of the presidents of these public HEIs. The passage of this Act was also meant to create a more coordinated and integrated system, provide more effective formulation and implantation of policies, and ensure a high level of academic freedom in public HEIs (Lagrada 2010).

Other characteristics of higher education governance of public HEIs similar to Indonesia can also be seen in the Philippines. These are CHED's willingness to grant academic self-governance, stakeholder involvement, and managerial autonomy to public HEIs. While there might be some power withheld by CHED in terms of funding and personnel structure, public HEIs in the Philippines also enjoy relatively high academic and management freedom through their BoRs. Similar to SOLE HEIs in Indonesia, overall governance of Philippine public HEIs is vested in their BoRs, in which the composition of board members demonstrates a good balance between national representatives and stakeholders.

Thailand has already ventured upon full-scale higher education reform, including the merger of key ministries and agencies and the promulgation of new laws. By reforming higher education infrastructure toward higher autonomy, it has also posed an obligation for HEIs to adjust and adapt themselves to be ready for the new autonomous environment (Sawangwong 2010). As such, in terms of national control, Thai HEIs seem to enjoy considerable freedom and flexibility. OHEC is one of the most accommodating government agencies in the region, because it only provides important national strategic guidelines for HEIs to use as reference points. The past decade was a major transitional period for decentralization of Thai higher education administration; the administrative authority for higher education management has been transferred from OHEC to the institutions themselves.

Similar to what has occurred in Indonesia and Philippines, OHEC is of the opinion that strengthening university governance is to be done through the delegation of authority to university councils and university executives. The setup of a full-time university council secretariat to handle university management is also encouraged by OHEC. At the government level, the three main agencies related to national education were formerly the Ministry of Education, Ministry of University Affairs, and Office of the National Education Council (ONEC). They were merged into the Ministry of Education in 2003 as a result of the National Education Act (1999) and bureaucratic reform. The reform also affected HEIs, especially in terms of governance. They were encouraged to transform their status to that of "autonomous universities" in order to increase efficiency.

Moreover, the Thai government also eliminated conventional bureaucratic public HEIs. New public HEIs established after 1990, such as Suranaree, Mae Fah Laung, and Walailuck University, were given autonomous status from their day of establishment. As in Indonesia, there are two types of public HEIs in Thailand—one with the status of government unit and one with the status of autonomous unit. Public HEIs in the latter category are in fact the result of the government's attempt to transform public HEIs into autonomous units. According to ONEC (1999), the attempt has been going on since 2006, and currently there are 13 autonomous universities in the country. They have been empowered to handle their own administration, including personnel, financing, academics, and other university management matters. The power is now delegated to the university councils, which consist of university administrators and outside stakeholders. As for the government unit HEIs, similar to other government agencies, public HEIs are allocated funds from the Bureau of the Budget and audited by the Controller General's Department of the Ministry of Finance. University presidents occupy a position equivalent to director-general, i.e., the chief executive officer at the department level. Their tenure may last up to 4 years, but they are government officials nonetheless.

The uniqueness of the Thai higher education governance system is that most of the HEIs, autonomous or not, have their university council as the highest level of academic authority, and it enjoys a good balance between administrators and stakeholders. Some of these university councils are very strong and have been the main engines of change in HEIs and the higher education sector as a whole. They all enjoy the flexibility provided by the government in determining their own tuition fees, number of students, academic content, personnel structure, and strategic focus as long as they do not violate the general regulations set by the authorities and as long as they are approved by the university council. Some analysts even claim that the key characteristic of Thai HEIs is that they are very independent from the national government (meaning OHEC).

In summary compared with HEIs in Cluster 1, HEIs in Cluster 2 enjoy much more flexibility and management freedom, even if there is a certain degree of control.

Funding Arrangements

Public HEIs in Cluster 2 countries have more flexibility in managing their finances. While they have received funding from their respective governments, their most important financial attribute is that the BoT or BoR is the main organ determining financial allocation, and that income-generating schemes can be conducted to earn extra revenue. Indonesia's SOLE HEIs and Thailand's HEIs share the same characteristics in terms of a funding mechanism from the government. Both receive funding from their respective ministry of education in the form of block grants. Their budget systems are designed, developed, and approved by the BoTs and the university councils. Further points have been made on the involvement of stakeholders regarding HEI financial issues:

In Thailand, HEIs are encouraged to design a financial scheme to mobilize more financial support from stakeholders, such as the public, students, and parents, as well as to generate income from products of universities such as research and academic services. These are common practices in the country, and it is a liberal way of managing the higher education sector (P. Sawangwong, pers. comm. 2 June 2010).

Along with Thailand's second 15-Year Long-Range Plan on Higher Education, HEIs are responsible for performance-based financing while the supply-side financing is still in place. Setting up a contribution scheme and a development fund scheme to facilitate other development activities in the HEIs to respond to national and socioeconomic needs is also another policy decentralization scheme of OHEC (OHEC 2008a).

The call for the restructuring of public funding in Indonesia is also evident, even at the government level. Indonesia's DGHE is well aware of the importance of the reform, with the aim of integrating the overall budgeting system at the government level. The reform was undertaken through such measures as introducing a competitive funding mechanism to cover both investments and recurrent costs, and including recurrent block grants or performance-based incentives for personnel expenditures. This reform is considered successful, because it has been implemented while also developing the budgeting system at the institutional level. At the HEI level, complementary funding from routine budgets, development budgets, and self-generated revenue is integrated into complementary sources supporting the corresponding programs and activities proposed (MONE 2003).

A comparatively less successful attempt is seen in the Philippines. Unlike in the other two countries in this cluster, HEIs in the Philippines rely on about 70% of their funding from the government, while the rest is from self-generated programs and services. Financial support from the government is obtained through the annual, rather than a multiyear, budget. The budget is prepared by the university, recommended by the BoR, reviewed by the Department of Budget and Management (DBM), and approved by both houses of Congress after committee and plenary hearings and deliberations. Although heavily reliant on public funding, HEIs in the Philippines are different from those in Malaysia because they do have strong BoRs that are their key governing agents. To cope with increasing demands, public universities must provide more and more of their own funding; they need to strengthen their income-generating projects and business operations. The Philippine Congress recently passed a law allowing public HEIs to utilize their incomes from tuition and other fees to support their operations (Roman 2010). Incomes generated by the HEIs, including tuition fees, are put in special trust funds that can be retained or disbursed by the HEIs when approved by their BoRs. Therefore, public HEIs enjoy fiscal autonomy, unlike most other government agencies, whose incomes and savings revert to the national treasury.

Personnel and Civil Service System

As mentioned previously, Indonesia and Thailand have a dual personnel structure and compensation system. For public HEIs that do not have autonomy, both teaching and nonteaching staff are under the rules and regulations of related authorities, as they are practically government officials. In SOLE HEIs, the universities have more flexibility in managing the budget and have less dependency on the government budget. HEI staff can be either government officials or university employees, with different payment structures. In Thailand, this is especially true in the case of autonomous HEIs. The dual personnel structure may give more flexibility to HEIs in managing their own personnel and compensation systems. However, these arrangements have to be in line with the recruitment framework of the Office of the Civil Service Commission for those who are under the government budget. This is because some of the employees in autonomous HEIs are still civil servants, while the majority are university employees. A dual track system is positive as an incentive for the younger generation of academicians. Many high-caliber graduates are hesitant to teach at HEIs, partly because of the relatively low compensation structure compared with the private sector. By having the university employee category with its higher compensation scale, it is easier for HEIs to attract qualified staff.

Unlike Indonesia and Thailand, public HEIs in the Philippines set their personnel structure based on their organizational system as approved by their BoRs and subject to the review and approval of DBM. Creation of new positions also requires approval from DBM. This is the case because personnel in public HEIs, whether teaching or nonteaching, are government officials. Therefore, they are covered by the Civil Service Commission's regulations and by the Government Service Insurance System. Regarding the salary of university staff, public HEIs are covered by the Salary Standardization Law and governed by DBM and Civil Service rules. It could then be argued that public HEIs in the Philippines are constrained to follow the classification and compensation program of the government due to the existing laws. The Salary Standardization Law fixes the salary grade, compensation, and position qualification of teaching staff. Exceptions are made for some HEIs in the Philippines, as explained it by a senior university administrator:

The only exception is for the University of the Philippines (UP) system, where the university is authorized to draw up its own position classification and compensation plan as well as to fix and adjust salaries. This provision effectively puts UP out of the Salary Standardization Law and allows it to adjust salaries that would approximate private sector compensation packages. However, funding to support a compensation plan that is outside of the Salary Standardization Law would have to be generated by UP in the future (E. Roman, pers. comm. 3 June 2010).

The key characteristics of Cluster 2 are presented in Table 3.

Table 3 Summary of Key Characteristics of National Governance Structures in Cluster 2

Characteristic	Indonesia (SOLEs)	Philippines	Thailand
Level of Control (by respective authority)	Low	Medium-Low	Low
Highest Level of Authority	BoT	BoR (with chairs/ representatives from CHED and other government agencies)	University council
Highest Level of Authority for Academic Issues	University senate	University council	University senate
Law and Regulations	<ul style="list-style-type: none"> National Education System Law (1989, amended 2003) Law on the Stipulation for Public Higher Education Institutions as Legal Entity (1999, amended 2010 by Law on Education Management and Implementation) 	<ul style="list-style-type: none"> Republic Act No. 8292 (SUCs except UP) Republic Act No. 9500 (UP) 	<ul style="list-style-type: none"> National Education Act (1999, amended 2002 and 2003) Autonomous university acts (since 2006)
Funding	Block grant from MONE and self-generated funds	70% (government) 30% (self-generated funds)	Block grant from MOE and self-generated funds
HEI's Strategic Objectives	University strategies	University strategies (with various stakeholders)	University strategies
Selection Process for HEI's Top Administrators	BoT	BoR	University
Selection of HEI's BoT/BoD/BoR/ University Council	University senate	Appointed by President of the Republic, CHED, and private citizens	University

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Table 3 *continued*

Characteristic	Indonesia (SOLEs)	Philippines	Thailand
Employee Status	University employees or civil servants	Appointed by the university but governed by civil service rules	University employees or civil servants
Salary and Incentive System	University (university employees) and MONE (civil servants)	Department of Budget and Management (except UP)	University (university employees) and MOE (civil servants)
Student Enrollment	University	University in consultation with stakeholders	University
Tuition Fees	University	University in consultation with stakeholders	University

BoD = board of directors, BoR = board of regents, BoT = board of trustees, CHED = Commission on Higher Education, MOE = Ministry of Education, MONE = Ministry of National Education, SOLE = state-owned legal entity, SUCs = state universities and colleges, UP = University of the Philippines.

Cluster 3: Cambodia, Lao PDR, Mongolia, and Viet Nam

Level of Government Control

Emerging from the same political background, viz., former communist or socialist countries, Cambodia, Lao PDR, Mongolia, and Viet Nam have strict, top-down, state-controlled governance systems. Structures and procedures have been inherited from the era of central planning, when higher education was segmented by economic sectors, with many specialized institutions. Cambodia, Lao PDR, and Viet Nam were previously characterized by a large number of small and scattered HEIs with narrowly specialized programs. A common feature was several ministries controlling HEIs across the country.

Recent reforms have seen the commencement of limited changes in these countries. Most of these adaptations in the higher education sector are the result of social and economic development at both the national and regional level, which requires a new approach to the management of higher education as the country's prime moving sector. Unlike Cluster 1, where the clear tension is between HEIs' need for autonomy and the government's reticence to grant it, both HEIs and national governments in Cluster 3 are gradually working towards step-by-step reform. Their transformation into a freer governance structure seems to lag behind countries in Cluster 2; however, many academicians and people involved with HEIs in Cluster 3 have voiced the idea that it is "better late than never" (L.Q. Minh, pers. comm. 2 June 2010). The reforming examples across the countries in this cluster range from the merger of fragmented HEIs into a single national HEI, to establishing a more comprehensive HEI, to the creation of relatively autonomous HEIs in some countries, as presented in this subsection.

While Cambodia, Mongolia, and Viet Nam still have the tradition of parent ministries overseeing the management and funding of their respective HEIs, the Lao PDR underwent higher education reform in the past decade to merge several fragmented HEIs into a single national HEI: In 1995,

10 HEIs were merged into the National University of Laos (NUOL). Two other regional HEIs were established between 2002 and 2004, in Champasak and Luang Prabang, respectively. With the new structure of unified national HEIs, the governing role of the parent ministries responsible for several small HEIs in the old days was transferred to the Ministry of Education (MOE) under the revised Education Law (Sisavanh 2010). These new national universities are all granted a certain degree of autonomy concerning, among others, the number of student enrollees and the amount of tuition fees. However, MOE still oversees the overall governance of public HEIs, especially their funding and personnel structure.

The higher education system in Viet Nam has also changed considerably, from a system, similar to the Soviet model, which separated the function of training in universities from that of research in institutions, to a very diverse and comprehensive higher education system. After the launch of *Doi Moi*¹ in 1986, national reforms in higher education aimed at creating more comprehensive HEIs. Hanoi National University and Ho Chi Minh National University were established for the said purpose, while the large majority of HEIs in Viet Nam are still monodisciplinary and highly specialized. Only the two national universities, Hanoi and Ho Chi Minh, report directly to the Prime Minister, while all other HEIs report to either the Ministry of Education and Training (MOET) or parent ministries. Therefore, the status of the two national universities is similar to that of ministries themselves, consisting of several member universities and research institutes. As a rule, MOET is the government's representative and manages all activities related to higher education except for the two national universities. The role and influence of MOET are powerful, as it is responsible for planning and directing Viet Nam's higher education system, approving the establishment of new HEIs, closing programs, and approving HEIs' regulations, as well as curriculum development and materials production.

A stricter sense of government control can be seen in the case of Mongolia, where public HEIs are steering toward committee-based governance. The close relationship between the national government and HEIs is evident in the appointment of a steering committee in each HEI that is formed and approved by the Ministry of Education, Culture and Science. The members of the steering committee set the regulations of the university (Battsengel and Amarsaikhan 2010). Similar to HEIs in other countries in this group, the Mongolian government has managed to control HEIs through their respective governing bodies—the steering committees, governing boards, and university councils.

Cambodia seems to be the only country that has successfully advanced toward introducing more autonomy to some of its public HEIs. The higher education system until 1997 was relatively small, exclusively public, and fragmented among parent ministries. However, the Royal Decree on the Legal Status of Public Administrative Institutions, introduced in 1997, laid down the path and criteria for public agencies and institutions to transform themselves into autonomous agencies called public administrative institutions (PAIs). With the status of PAI, an HEI has more authority and power to administer itself under the direction of a governing board, rather than under the direct management of a parent ministry. This is considered a major development in Cambodia's higher education system.

¹ *Doi Moi* is the Vietnamese government's policy for the economic liberalization that opened up the country to market economy ideology (Hayden and Khanh 2010).

However, unlike SOLE HEIs in Indonesia, Cambodian public HEIs having PAI status remain partly within the machinery of the government, either through their governing bodies representing their parent ministries or through the Ministry of Education, Youth and Sports (MOEYS). This is because the governing bodies or the BoTs in PAI HEIs are still regulated and approved by the government, and all teaching staff are still government officials. The respective parent ministries strictly govern all other public HEIs in Cambodia.

Funding Arrangements

Cluster 3 countries are the remnants or descendants of communist and socialist regimes. Their political and economic infrastructures are still very different from those in the liberal democratic world. In other words, the strict control of the government is still the spine of the system within these countries, the higher education sector included. Therefore, it is not surprising to see that the funding structures of all countries in this category share many of the same characteristics.

For those granted autonomous status, there are usually two sources of financial support: the government budget and tuition fees. Most of the HEIs in this category have some flexibility in determining tuition fees and designing their own personnel compensation, with the approval of the governance board. In the Lao PDR, public HEIs have flexibility in determining tuition fees, but the ceiling is 20% above the rate determined by MOE. The self-generated funds from tuition fees are usually directed towards the university's operation and maintenance, as in the case of Cambodia. However, the main source of funding is still the government and the parent ministry.

In Mongolia, public HEIs are financed by the government, and its support is intended to cover their primary expenses. An HEI needing more financial support must rely on other income-generating activities. In a nutshell, the governments in countries in Cluster 3 are still the main source of funding, and the level of reliance on the government is still extremely high. Unlike Clusters 1 and 2, which are typified by tensions over what level of autonomy should be granted by the government to HEIs, Cluster 3 countries have not yet commenced any such discussion. Even if there are reforms, these are steps wholly designed and directed by the governments, and the social and political settings are still the determining constraints in achieving freer governing structures.

Personnel and Civil Service System

In keeping with the known political and social settings of Cluster 3 countries, the personnel structure and management in HEIs strictly follow the rules of the government and parent ministries. Most teaching and nonteaching staff in HEIs are civil servants and are under the rules and regulations of the civil service commission in their respective countries. With the exception of autonomous HEIs, especially in Cambodia and Viet Nam, there are usually two types of administrative staff: civil servants and university contract employees. However, it is strictly prohibited for full-time staff to have a dual appointment or pursue additional outside employment. The only exception is made when the outside employment is in parallel with the assignment at the university.

Viet Nam, on the contrary, is more flexible in terms of dual employment, as HEIs encourage faculty members to have part-time work in the private sector. Although there seems to be a little flexibility and freedom, these choices are still very limited and cannot be compared to the

same level of liberty enjoyed by staff of HEIs in other clusters. Similar to the financial aspects, the personnel and civil service systems are still very much subject to national authority and not under the control of the HEIs, and several more reforms will be needed before these countries will be able to catch up with the rest in the region or to compete with other global HEIs.

Table 4 presents the key characteristics of Cluster 3.

Table 4 Summary of Key Characteristics of National Governance Structures in Cluster 3

Characteristic	Cambodia	Lao PDR	Mongolia	Viet Nam
Level of Control (by respective authority)	High	High	High	High
Highest Level of Authority	Governing board (with representatives from MOEYS for PAIs) and parent ministries (other HEIs)	University council (with representatives appointed by Prime Minister) and MOE	Steering committee (formed and approved by MECS or other parent ministries)	Prime Minister (VNU-HCM and VNU-Hanoi) and MOET or parent ministries (others HEIs)
Highest Level of Authority for Academic Issues	n/a	n/a	Academic board (approved by MECS)	Academic and scientific board for each HEI
Law and Regulations	Legal Status of a Public Administrative Institution Law (1997) Law on Education (2007)	Education Law (revised 2007)	Education Law of Mongolia (1995, amended 2006)	Law of Education (1998, revised 2005)
Funding	Parent ministries and tuition fees (PAIs)	National Assembly (through MOF)	Government and self-generated funds	Government (through MOF), tuition fees, and self-generated funds
HEI's Strategic Objectives	Parent ministries	MOE	University's steering committee	HEIs and parent ministries
Selection Process for HEI's Top Administrators	Government (decree/subdecree)	MOE	MECS (through the Civil Service Council)	Recommended by HEIs and approved by MOET, parent ministries, or Prime Minister (VNU-HCM and VNU-Hanoi)
Selection of HEI's BoT/BoD/BoR/ University Council	Government (royal decree/ subdecree)	MOE	University's steering committee	Government (MOET or parent ministries)
Employee Status	Civil servants	Civil servants	Civil servants and university employees	Civil servants and university employees

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Table 4 *continued*

Characteristic	Cambodia	Lao PDR	Mongolia	Viet Nam
Salary and Incentive System	BoT	Government	Government	Government (through the national system of salary, managed by Ministry of Home Affairs)
Student Enrollment	BoT	University (approved by the National Commission for Selection of Students)	MECS	Government (number controlled by MOET)
Tuition Fees	University (PAIs) and guidelines from the government	University (not exceeding 20% beyond the rate set by MOE)	University	University (MOET submits the maximum requirement for each discipline, National Assembly approves)

BoD = board of directors; BoR = board of regents; BoT = board of trustees; HCM = Ho Chi Minh; HEI = higher education institution; MECS = Ministry of Education, Culture and Sciences, Mongolia; MOE = Ministry of Education, Lao PDR; MOET = Ministry of Education and Training, Viet Nam; MOEYS = Ministry of Education, Youth and Sports, Cambodia; MOF = Ministry of Finance; n/a = not applicable; PAI = public administrative institution; VNU = Viet Nam National University.

Summary

A summary of all the three clusters is presented in Table 5.

Table 5 Summary of Key Governance Characteristics in All Clusters

Characteristic	Cluster 1			Cluster 2			Cluster 3		
	Indonesia	Malaysia	Indonesia (SOLE HEIs)	Philippines	Thailand	Cambodia	Lao PDR	Mongolia	Viet Nam
Set Academic Structure and Course Content	**	**	***	***	***	***	**	**	**
Decision on Student Numbers	***	*	***	***	***	***	**	n/a	*
Set Salaries	*	*	**	**	***	**	n/a	n/a	*
Set Tuition Fees	*	*	***	***	***	**	**	***	*
Reliance on Government Funding	*	*	***	**	***	**	**	*	*
Staff Employment and Dismissal	*	**	*	*	**	**	**	n/a	**
Principal-Agent Problem	*	***	***	***	***	***	***	n/a	***
Career Paths of University Administrators	**	**	**	***	***	***	***	n/a	***

* = limited autonomy, ** = semiautonomy, *** = full autonomy, HEI = higher education institution, Lao PDR = Lao People's Democratic Republic, n/a = not applicable, SOLE = state-owned legal entity.

Recent Successful Policy Reforms, Legal Amendments, and Strategies for Higher Education

Drawn from the developments in restructuring the higher education sector in Asia discussed in the previous chapter, some successful policy initiatives illustrate the balance between releasing government control and giving more autonomy to HEIs. National governments in Asia have recently been striving toward reforming the higher education sector through the introduction of new laws, legal amendment procedures, and special projects that are initiated specifically for realizing national development agendas. In this chapter, the range of national strategic frameworks is divided broadly into three categories: reforms and frameworks for enhancing HEI autonomy, human resource development, and quality assurance.

Reforms for Enhancing Autonomy of Higher Education Institutions

The three most common avenues for enhancing autonomy are discussed below.

Autonomy through Establishing New Public HEIs

The most crucial current development and reform issue in higher education is the decentralization and autonomy of HEIs. Most countries in Asia have moved towards giving more autonomy to HEIs, to differing degrees. In Cambodia, Indonesia, and Thailand, the governments are heading towards establishing new types of public HEIs with the status of autonomous entity. In Thailand, the government has promulgated 13 acts so far to empower these HEIs to govern overall administration, including personnel, financing, academics, and other matters, under the approval of the university council. Indonesia and Cambodia have also created a new HEI paradigm, known as state-owned legal entity (SOLE) and public administrative institution (PAI), respectively. Similar to the situation in Thailand, these institutions have been granted more authority and power to administer themselves under the direction of governing boards rather than under the direct supervision and management of their parent ministries.

Autonomy through Financial Reform and Corporatist and Entrepreneurial Approach

To a lesser extent, Malaysia, Mongolia, and Philippines have taken a different path of directing more autonomy into the area of income generation and have given more flexibility in terms of setting tuition fees. Thus, while the Mongolian Ministry of Education, Culture and Sciences is the central administrating body formulating education policies and setting general provisions

for teaching and research as well as considering credit transfer with foreign HEIs, it is the HEIs that set their own tuition fees. This is part of the goal to shift the burden of payment from the government to students.

In Malaysia, MOHE has managed HEIs with full authority over student enrollments, staff appointments, approval of educational programs, and financing since the Universities and University Colleges Act of 1971 came into effect. In addition, these public institutions rely wholly on government funding and are part of the civil service structure. As the institutions grow in size and structure, standardization of rules and procedures, at both the ministry and university levels, is required. Pressures on university governance have manifested themselves in many forms, such as increases in bureaucratization and the introduction of corporate culture standards. Thus, within the public universities, a more corporatist and entrepreneurial approach to institutional management and governance has become prominent. In 1995, five of the older public universities in Malaysia were corporatized, which allows them to enter into business ventures with the aim of generating their own funds. Such corporatization permits academics to become involved in income generation through consultancy activities.

Furthermore, corporatization coupled with the increasing complexity and bureaucracy at both the ministry and institutional levels has also meant that more academics are now taking on a greater number of administrative duties. All these changes have added pressure on academics in performing their traditional roles of teaching and research. In addition to the corporatization of public HEIs, legal financial amendments in Indonesia and Malaysia have also contributed to increasing efficiency in self-governance among autonomous HEIs.

Autonomy through Establishing Special-Tier HEIs

Some countries have created special categories of HEIs and given them a higher degree of autonomy. Most of these are research universities. Malaysia, Thailand, and Viet Nam are adopting this approach. For example, in Malaysia, four research universities—Universiti Malaya, Universiti Sains Malaysia, Universiti Kebangsaan Malaysia, and Universiti Putra Malaysia—were selected as top-tier HEIs. Universiti Sains Malaysia was designated as the APEX university and given full autonomy. Encouraging these top universities to compete for the APEX status promotes competition, ensuring that HEIs push themselves to excel in research, recruit competent academicians, and establish a competitive student admission system. The same policy initiative to strengthen research universities via granting a higher degree of autonomy may also be seen in Thailand, where the 13 autonomous HEIs are mostly research universities.

HEIs in heavily bureaucratic countries find it difficult to strive for better knowledge, academic excellence, and freedom or even to provide education in response to the needs of national social and economic development. However, this has also become a point of controversy for those HEIs excluded from this special tier. Many other HEIs, research and nonresearch institutions alike, question the criteria of top university selection and believe that full autonomy status should not be reserved for only the top research universities but should be applied to all HEIs throughout the nation.

Institutional and Human Resource Capacity Development

Lack of a qualified workforce is one of the major pitfalls in developing the higher education sector and transforming it into a major economic and social mover. The problem also occurs among academicians and high-ranking university administrators. In most countries, autonomy in HEIs is the ultimate human resources development aim, which will ensure a more relevant system of higher education. Most believe that autonomous HEIs will be more effective in terms of both administrative and academic management. However, granting autonomy is one thing; ensuring quality and accountability of those granted is another issue entirely. The evidence detailed below shows that countries in each cluster are laying different foundations for developing human resources to allow for the transition toward autonomy. Some put emphasis on improving the quality of faculty members and researchers. Others invest in institutional development including leadership training.

The most effective actions seem to follow from the simultaneous introduction of a human resource management system in both the national authorities and the HEIs. The national front requires a change of mindset, transforming the role of government officials from “controller” to “facilitator.” The ministries responsible for higher education must implant this change of mindset, along with supporting legal amendments. At the HEI level, investments in human resources must be up to national authorities’ standards. These new systems of recruitment and remuneration will improve and assure the quality of both instruction and research.

Cluster 1

In Cluster 1, Malaysia has particularly laid a strong foundation for a knowledge- and innovation-based society through the “empowerment of higher education” policy, also known as the National Higher Education Strategic Plan (2007). In principle, the road map for the transformation of higher education focuses on reinforcing the delivery system of MOHE via three key areas: strengthening higher education institutions by giving them more autonomy; enhancing research and innovation and improving the quality of teaching and learning; and, finally, encouraging lifelong learning and widening access to and equity in higher education. In aiming at these goals, MOHE has increased the number of qualified human resources in public HEIs. As an incentive, academics with PhDs are given promotions throughout public HEIs. MOHE also allocates various national scholarships to academics wishing to pursue their studies at the postgraduate level.

As mentioned previously, the emphasis on improving human resources in Malaysia is not focused exclusively on academicians. On the contrary, efforts have been made to build up the management capacity of university administrators so that they can lead their HEIs efficiently and effectively. A new Akademi Kepimpinan Pengajian Tinggi (AKEPT) or Higher Education Leadership Academy was established under the authority of MOHE in 2008. The mission of AKEPT is to develop leadership capacity among higher education administrators by providing relevant and pragmatic leadership programs, and to develop a talent pool of higher education leaders with relevant competencies and a culture of excellence. The establishment of AKEPT is in line with the objectives of the policy to empower human resources in the higher education sector and to transform higher education in Malaysia to a knowledge- and innovation-based society.

Cluster 2

The countries in Cluster 2 seem to be pursuing the formula of increasing human resource capacity and successfully maintaining the required balance. The management capacity of national authorities and their ability to adjust to the new role under the concept of autonomy and decentralization is one of the key success factors in granting autonomy and improving the provision of higher education. Instead of controlling HEIs, national authorities have geared their involvement toward facilitating and monitoring the performance of HEIs. Cluster 2 countries aim to provide the necessary institutional framework and legal infrastructure. Concrete laws were promulgated in Indonesia and Thailand to transfer management control to HEIs' university councils, and to place management responsibility in the hands of university administrators.

Thailand, for example, has given full autonomy to both public and private HEIs. Government involvement has been limited to reduced state regulations and a focus on policy formation as well as post-auditing or the assessment of HEI performance. In addition to autonomous governing acts (e.g., the Public University Governing Act), the government of Thailand also passed additional legislation on personnel management and internal administration so as to empower public HEIs to manage their own affairs. In other words, the role of the government or national agencies responsible for higher education in countries like Indonesia and Thailand has been altered to the promotion of "good governance" rather than the "management of HEIs." Concrete steps have also been taken in Indonesia to adjust the role of DGHE. Apart from providing the necessary legal and institutional infrastructure, the government also takes responsibility for convincing concerned parties and the public to provide augmented resources to HEIs. This is considered a useful strategy by the government for engaging the private and employment sector to invest in HEIs.

In Indonesia, national strategic policy frameworks on higher education have been launched throughout the past decade. The Higher Education Long-Term Strategies 1996–2005 were developed to meet the need for a more dynamic management mode of higher education to cope with changes. These measures focused especially on human resource development, including the enhancement of quality and the relevance of higher education, as well as increased social mobility and equity in this sector. The new human resource management system in SOLE HEIs in Indonesia is another good example of the government's attempt to establish a new mechanism for recruitment, career development, remuneration, and other engagement activities of university staff to suit the new, more competitive higher education environment.

In the Philippines, the Medium-Term Development Plan for Higher Education 2005–2010 also identified key challenges in the area of human resources and the growth of university-based research and development as a means to generate employment and reduce poverty. While other countries are focusing on the enhancement of staff competency, Thailand passed the University Personnel Act of 2004 (revised in 2008) to allow HEIs to formulate their own rules and procedures for fortifying morale and the ethical values of HEI staff. This is one of several major instruments that the Thai government has deployed to decentralize authority to HEIs so that they can design their own personnel management or merit systems.

Cluster 3

Most countries in Cluster 3 are upgrading higher education to meet the requirements of modernization and industrialization; most admit that levels and modes of training programs within HEIs are not appropriate, and that training organizations do not comply with regulations. In other words, the quality of human resources is not up to the required level to satisfy the increasing demands of the country's industrialization, modernization, and international economic integration. These countries agreed that HEIs remain a source of weaknesses. Viet Nam is very focused on human resource development, especially on faculty and staff training. According to Hiep (2010), this is because the country has been facing a human resource deficit with insufficient investment in faculty improvement and training. Due to very high student-faculty ratios of 40:1 to 100:1, most lecturers are overloaded, allowing limited time for personal development, knowledge improvement, and research. Therefore, faculty members have low qualifications and capacities. To overcome these weaknesses, several advanced training programs for faculty and staff are planned to produce 20,000 doctoral graduates for colleges and HEIs by 2020.

To further develop mid-level and high-level faculty members who will become HEI leaders, trainings programs for rectors and college and university leaders are also designed to equip them with necessary skills and knowledge. In Cambodia, Lao PDR, and Viet Nam, it is generally agreed that training curricula for academicians are outdated and have failed to catch up with regional and global economic development and with modern science and technology. In these countries, the objectives of human resource development in the higher education sector are unclear and imbalanced and, most importantly, lack learning outcome criteria. Equipped with insufficient training and learning facilities, the linkages between training and research as part of strengthening human resources are virtually absent. It is claimed that in some countries, both faculty members and management staff have little motivation for change and innovation.

Quality Assurance

Countries like Indonesia, Malaysia, Philippines, and Thailand have been developing their QA systems in the higher education sector for decades now. Recent higher education reforms in these countries have included QA as one of the main pillars of higher education development. The commonly held belief is that continuous quality improvement must be at the heart of HEI development in order to maintain its relevance. An autonomous HEI must be accountable to its stakeholders through transparent and efficient management. One of the criteria of accountability is the quality of education provided by these HEIs.

However, the level of quality development among the countries discussed in this publication is still very diverse. Some countries, especially those in Cluster 1, are well advanced in setting up clear guidelines and practices for HEIs as well as systematic internal QA mechanisms. Some countries in Cluster 2 have mechanisms for monitoring in addition to their accreditation processes. Some countries in Cluster 3 have only recently established formal QA agencies. Despite the disparity, key practices and developments regarding quality enhancement currently exist among countries in this region, which can be used as future reference points, especially for countries in Cluster 3.

Clusters 1 and 2

QA in Indonesia and Malaysia has been developed with the aim of creating a reference point for national qualifications. Considered relatively advanced quality systems, BAN-PT and MQA lie at the heart of the Indonesian and Malaysian QA systems, respectively. The establishment of MQA is a good example of MOHE's farsighted vision that "quality manifests excellence," especially when public universities are supposed to be self-governed. The MQA Act of 2007 replaced the National Accreditation Act of 1996 with the aim of empowering the newly established MQA to implement the MQF as a basis for QA of the higher education sector. By establishing MQA, the government set forth the guidelines for the criteria and standards for national qualifications. Several other higher education directives have strengthened the sector, for example the establishment of AKEPT under the control of MOHE.

The MQF is the declaration on qualifications and their quality in relation to the Malaysian education system. The MQF is the innovation in QA that many countries hope to accomplish, as it is an instrument that develops and classifies qualifications based on a set of criteria approved nationally and benchmarked internationally. It clarifies earned academic levels, learning outcomes of study areas, and a credit system based on student academic loads. The advantages of having the MQF in place are twofold: Internally, these paths enable the individual to progress through credit transfers and accreditation of prior experiential learning in the context of lifelong learning. Internationally, the MQF facilitates the future mobility of students within the region as HEIs across the region come to understand the qualifications obtained by students, which will ease the credit transfer process (MQA 2007).

Another important QA measure emerging from the establishment of MQA is the national code of practice for criteria and standards in higher education in Malaysia. The code provides guidelines for general requirements in the following areas: vision, mission, and learning outcomes; curriculum design and delivery; student selection; support services; assessment of students and academic staff; educational resources; program monitoring and review; leadership, governance, and administration; and continuous quality improvement. MQA is also responsible for two distinct processes: providing provisional accreditation by enhancing standards and quality; and the formal recognition that the certificates, diplomas, and degrees awarded by HEIs are in accordance with the established standards. These processes are common in other countries in Clusters 1 and 2.

The outstanding feature of the Indonesian and Malaysian QA systems is not only the successful practices performed and systematic quality standards set by national QA agencies, but also the clear development of guidelines from quality control to QA and finally to quality enhancement. Ideally, these governments believe that quality is something that has to be internally driven and self-motivated as part of an institution's autonomy and accountability. They expect that QA will be done internally in the future, with national QA agencies simply verifying through periodic auditing by peers. This will be enhanced through the promotion of self-accreditation, which is accreditation by the institution's internal quality mechanism. With a strong internal quality mechanism, the institution can thus accredit its own courses. Therefore, for a country like Indonesia or Malaysia, the challenge in QA is to strengthen the institution's international quality mechanisms.

Indonesia and Thailand also have another QA mechanism in the form of monitoring and evaluation (M&E) via national agencies, viz., DGHE and OHEC, respectively. The M&E process by these national agencies is not as exhaustive as the accreditation process carried out by EQAAs. In Indonesia, the process is based on the M&E of the report every academic program has to submit for approval by national agencies. According to MONE's Long-Term Strategy 2003–2010, these reports form a national database that can be used for M&E of program performance, called Study Program Evaluation Based on Self-Assessment. Similarly in Thailand, the regulation to monitor the opening of a new program or the revision of an existing program in an HEI is aimed at maintaining quality and standards in the light of increasing HEI autonomy (OHEC 2008b).

Furthermore, in the case of Thailand's higher education strategy, the country is focusing more than ever on QA issues, as seen in the Second 15-Year Long-Range Plan on Higher Education. The initiative representing quality reform in Thai higher education can be seen through such concrete measures as the development of the quality of graduates; the capability of graduates in adjusting to lifelong work; and the quality management mechanisms of good governance, financing management, and university networking. In fact, Thailand has been through various stages of quality reform, and the government tends to be the key player promoting QA through the development of QA systems and frameworks, the encouragement of HEIs in developing their own internal QA indicators, the provision of QA start-up procedures, and mechanisms for quality audits and assessment in HEIs at various levels. The focus on QA is also coupled with the initiative to set up national higher education standards, which took place in 2003. These sets of standards include improved quality and requirements of desirable characteristics of graduates, education delivery mode, and the establishment of learning organizations. They are meant to promote, protect, and ensure the quality of Thai higher education in the coming decades.

The Philippines also shares the same sentiments in promoting QA in higher education, as suggested in the previous section. The Unified National Qualifications Framework and several other independent QA agencies are seen as reference points for the criteria and standards for national qualifications as well as serving to inspire the confidence of internal and international stakeholders of higher education systems (Garcia 2006). In Indonesia, on the contrary, it is believed that QA should be internally driven, should be institutionalized within each organization's standard procedures, and could also involve external parties.

Cluster 3

Most countries in Cluster 3 are pursuing strategies to improve the quality and efficiency of higher education in their national strategic plans. Cambodia, through MOEYS, for example, issued a regulation in 2004 to create an internal QA unit in every HEI to undertake self-assessment, preparing them to obtain accreditation from the ACC. Newly established agencies under the umbrella of the ministries of education, called the Quality Assurance Center (QAC) in Lao PDR and the General Department of Educational Testing and Accreditation (GDETA) in Viet Nam, are other examples of how active countries in this cluster are promoting quality in the higher education sector. QAC was established in 2008 and designed to formulate policy guidelines on quality standards and methods used for the implementation of QA at all levels of education. GDETA was established in 2002 within MOET and assigned to develop a system of accreditation. The recent establishment of these QA agencies in Cambodia, Lao PDR, and

Viet Nam was partly the result of the introduction of higher education reforms through funding agencies such as the World Bank. It appears that these countries agreed to improve the quality of teaching and learning as a part of their reform initiatives.

The development of QA among countries in Cluster 3 has lagged behind other countries in the region, partly because they have operated in centralized and controlled systems of communism. Most of the development and reforms have occurred after political turmoil and due to pressure from funding agencies. There are other impediments in the development of QA such as the HEI governing structure, in which high-ranking members are not clear about strategic plans or visions for their own institutional development. Insufficient financial resources and the lack of qualified human resources are other obstructions. Some countries, such as Cambodia, clearly chart the impact of the brain drain in the higher education sector. These factors contribute to the sluggishness of quality development in higher education, and they are the main reason why QA in these countries still relies on external assessment. In other words, the development of internal mechanisms to ensure quality and accountability has yet to be achieved because of the lack of financial support and the inadequacy of qualified staff and faculty members. However, the emergence of EQAAs or QA agencies under the umbrella of their respective HEIs is a hopeful portent of improved quality of HEIs in the future.

Institutional Governance and Management of Public Higher Education Institutions

This chapter focuses on the characteristics of institutional governance bodies according to their responsibilities, decision-making powers, and accountability. It also discusses the extent to which increasing autonomy affects the existing relationship between HEIs and the government in such aspects as academic freedom, budget allocation, and staffing. The ability of universities to exercise initiatives within system-wide authority structures is often measured on a continuum of a “bottom-up” system, wherein the government’s policy follows the university’s initiatives, to a “top-down” system, wherein HEIs respond to government policy enforced by national authorities. The important issue for administrators is striking the balance between autonomy for universities and reasonable accountability for the use of public funds.

Secondly, this chapter looks into principal-agent problems, investigating how universities ensure compliance with university policy and how hierarchical institutional structures impact on faculty members’ activities. Finally, the chapter examines the common characteristics of those obtaining the position of senior university administrator and their career paths.

Institutional Governance Structure and Autonomy

Cluster 1

Academic Freedom

In public HEIs in Indonesia and Malaysia, individual autonomy within the institution is promoted through the development of a shared culture, values, and mission; the importance of trust; the need for open access to information; and constant feedback on decisions and performance. These essential elements in academia are called collegiality, i.e., the involvement of academics in consultative committees, working groups, and task forces. Another aspect of academic collegiality, which is the main aspect of Malaysian and also Indonesian HEIs, is the freedom in research and teaching of individual academics.

Generally, academics in these two countries have complete freedom in teaching and learning matters, although there have been cases in Malaysia where academic autonomy has been abused by academics themselves, because there is no official government prescriptive agreement or guideline on academic freedom. Universities have traditionally not been concerned whether the issues discussed by academics within them are inconvenient to external political

groups or national authorities; these have never been real or serious issues in universities. HEI administrators in both countries, however, advise lecturers to remain professional by voicing their opinions to the public based solely on empirical data.

In terms of academic freedom within institutions, administrators in Indonesia and Malaysia say that their universities have many systems in place to ensure that academic freedom is exercised within the institution. Many decisions regarding tenure, dismissal, promotion, and students' educational processes and activities are made based on the consensus of the faculty. Nonetheless, these decisions must be presented to an appropriate and relevant university committee, such as the university senate, for approval. However, in the case of Malaysia and PGIs in Indonesia, new content and degree programs must be approved by MOHE or MONE, respectively, as a way to promote QA. In Malaysia, premier courses such as dentistry, pharmacy, and medicine also need to gain approval from MOHE on course content. Therefore, governments still have a say about academic content to some extent in countries within Cluster 1.

In comparison with those in Malaysia, academics in Indonesian public HEIs enjoy more freedom to improve university performance through channels such as departmental meetings, degree program coordination meetings, and faculty meetings. Lecturers are also represented in the university senate and have opportunities to be involved in the above-mentioned committees. In parallel with the social reform and democratization of the country commencing in 1998, lecturers and students enjoy more freedom to express their ideas and opinions on the public policies issued by the government and by university leaders and administrators. These include freedom to express their opinions through the public media and also through strong student organizations. For examples, lecturers freely write articles in newspapers criticizing government policies concerning free trade, and research centers in several HEIs have expressed their opinions on the Constitutional Board decision on the Law of Educational Legal Entity (D. Sutjningsih, pers. comm. 3 June 2010).

On many occasions, research staff are invited to provide comments on regulations drafted by Parliament, either individually or representing their university. Lecturers and researchers also have freedom to develop their knowledge and subject areas without government restriction, but they do have to observe particular academic standards set by the university. In PSIs in Indonesia, there is no interference of national bodies concerning the number of students, course and program content, or cooperation with other HEIs or the business sector, except for collaboration with overseas HEIs. This is partly because of the accommodating higher education structure set by MONE to help different types of HEIs transform from highly government-dependent agencies to autonomous entities in the future. However, these freedoms in Indonesia come with a cost: With increasing freedom in setting up and implementing new university policies and academic content, HEIs also have higher commitment to respond to all criticism from the community and the public.

Funding Arrangements

Financing of higher education is a critical issue in HEI governance, as it determines the capacity, performance, and management flexibility of public HEIs. As mentioned throughout this publication, Malaysian HEIs rely heavily on government funding, as it accounts for 90% of their total income. Recently, the major transformation in terms of funding in the Malaysian higher education sector is the changing financing criteria and the modification of the budgeting system to an output-oriented one. The most important turning point in funding arrangements

for Malaysian HEIs is the government's move to create special budgets for national programs to fulfil national strategies. These are usually the top-down budgets allocated to specific research universities or centers of excellence in the yearly budget plan or 5-year plan. Therefore, public HEIs in Malaysia are now driven to strengthen their research and innovation in areas directed by the government. Even though there are some complaints among small and teaching HEIs that the budget is directed only to the bigger HEIs, it is undeniable that the Malaysian government's directives in giving special grants to research HEIs will help expedite the process of economic and social development by establishing higher education as the prime mover.

In Indonesia, the government budget allocation is processed in the same manner as Malaysia's through various channels such as the routine budget to pay staff, whose status is that of government employees; competitive grants; and development projects. In fact, budget allocation and compensation are fully regulated by MONE in the case of PGIs and largely regulated in the case of PSIs. Unlike SOLE HEIs, all the budgets of both PGIs and PSIs are proposed by the universities to the central government through MONE and MOF. For competitive programs that aim to stimulate innovation in pedagogy and improve the quality of education and research, the university submits a proposal to the central government for a competitive grant. This practice also applies to development projects, including budget for expanding university infrastructure such as buildings and laboratories. The government also allocates budget for national priorities such as programs to improve entrepreneurship, education for sustainable development, energy conservation, and human resource development programs. To secure additional funding, PSIs and PGIs have to resort to the following venues:

While SOLE HEIs are freely allowed to manage their own financial resources, PSIs and PGIs cannot, but can generate extra funding from sources such as activities with emphasis on community development, encouraging staff to conduct applied research in collaboration with industry, conducting staff training and laboratory certification at authorized international certification bodies such as the Authorized Certification Training Center—Computer-Aided Design, by developing double degree programs in collaboration with outstanding polytechnics overseas, and by supporting the potential of the Art Institute for revenue-generating activities (D. Sutjningsih, pers. comm. 3 June 2010).

Another important trend can be seen in Cluster 1: managing public funding through corporatization of HEIs. Similar to other countries in Asia, demands for self-generated income have been an ongoing issue in Indonesia and Malaysia. Many HEIs have established "university holdings," a business arm that generates funding through contract research, short courses, lifelong learning courses, and consultancy activities. Some HEIs already have structures in place to manage research and innovation, such as commercialization policies on intellectual property rights and technology transfer, with the hope that the initial investment in research will bring financial return later. This is partly because the government also encourages corporatization and entrepreneurship in qualified HEIs.

Staffing

In Malaysia, although all academics and support staff in public universities are considered civil servants, the universities are given some flexibility in designing their personnel structure. As civil servants, lecturers are not allowed to accept any employment from other sources or to perform teaching, research, or service activities for other academic institutions or private

companies without the knowledge or written approval of their dean and vice chancellor (VC). However, compensated participation in a symposium or delivery of a scholarly paper or public address at a professional meeting or academic gathering under the auspices of an academic institution are allowed. Normally, a request for an academic to give an address to a community organization is at the discretion of the individual faculty and institution.

For government officials at PGIs in Indonesia, there is no flexibility in designing the personnel structure, as HEI staff are recruited and promoted by the government. However, PSIs have some autonomy in personnel design: The structure of employees with personal agreements or contracts is designed based on university demands. However, personnel in both types of HEIs in Indonesia are not allowed to have dual employment. Similar to other countries where academics hold the status of government officials, there are complaints about the existing academics-as-civil-servants system. The trade-off is straightforward: Being a government official means a guarantee of lifetime employment and benefits after retirement; the downside is the low compensation. On the other hand, the higher rate of compensation for university employee status might be enticing to young academics; however, the benefits and prestige of being government officials are not a part of the package. This controversial issue is also present among HEIs in countries in Cluster 2, as discussed in the following subsection.

Cluster 2

Academic Freedom

In Cluster 2, SOLE HEIs in Indonesia and public HEIs in Thailand have enormous freedom in several governance aspects. Unlike other types of HEIs in Indonesia, SOLE HEIs do not encounter any interference from national bodies concerning the number of students, course and program content, or cooperation with other types of HEIs or the business sector. In general, faculty members can make decisions on curriculum development, subject matter, and methods of instruction as well as on research. Academic freedom in Thailand is even more pronounced, as put by leading Thai scholars:

As for public HEIs in Thailand, with or without autonomy, the faculty members in public HEIs have freedom to teach or communicate ideas on any topic as long as they are within the laws and regulations and are responsible for the consequences. Thai academics are encouraged to express their opinions freely as well as to explore their research opportunities as much as possible. The good thing about being Thai academics is that there is no interference from politics or any other organization (S. Yavaprabhas and P. Sawangwong, pers. comm. 3 June 2010).

Faculty members in both countries also enjoy substantial freedom in developing curricula and research agenda. In fact, faculty members in leading public HEIs in Indonesia and Thailand are provided with performance-based incentives to excel in research and development. This is especially the case in Thailand following the status change to autonomous HEIs, as it is often pronounced by university administrators that their main roles are to stimulate and foster both teaching and research excellence among the faculties. The university administrators in these HEIs in Indonesia and Thailand also have the authority to make decisions on academic programs, student enrollments, cooperation, and other university policies with the approval of the university council.

A small exception applies in the Philippines. In theory, academic freedom is enjoyed by all HEIs there, as it is stipulated in the Constitution. However, since the university is a part and instrument of the state, HEI policies, regulations, programs, and practices must conform to the laws and policies of the government including any regulation set by other government instruments such as Congress, CHED, DBM, the Professional Regulation Commission, the Civil Service Commission (CSC), and the Commission on Audit. Faculty members, regardless of rank, enjoy academic freedom as long as they do not violate the laws of the land, the ethical standards of their profession, or university policies.

To sum up, university administrators of public HEIs in these three countries, based upon the deliberation of their academic councils and the approval of their governing boards, implement policies and decisions on the number of students, admission and graduation requirements, program offerings, curricula, and linkages or cooperation with other HEIs or organizations without interference from national bodies. Faculty members have the prevailing judgment on subject matter, methods of instruction, classroom management and procedures, and student welfare and development. Matters of faculty status such as hiring, dismissal, retention, tenure, promotion, and disciplinary action are managed based on the faculty manual or university code duly approved by the governing board (BoT or BoR). Personnel actions should conform not only to the guidelines and procedures of the university, but also to those of CSC or DBM in the case of the Philippines, or the Office of the Civil Service Commission in the case of Thailand. The support of university administrators to instructional staff for conducting research is strongly encouraged. Evidently, the strong governing boards in Cluster 2 countries have played a major role in assuring management freedom in many aspects, and academic freedom is certainly one of them.

Funding Arrangements

Compared with HEIs in other sectors, HEIs in Cluster 2, especially in Indonesia and Thailand, have more financial freedom than the rest, as some of them can manage their funding resources without the approval of the ministry of education. The only exception is the Philippines, where HEIs still rely mostly on the government's line budget; however, the extent to which the financial resources are utilized is basically in the hands of the powerful BoRs. In Indonesia, sources of funds for HEIs are the government, the public, the university's businesses, private savings, and international sources. The government funds derive from the State Revenues and Expenditures Budget, and the universities allocate funds deriving from other sources. The government may allocate funds for investment and university development financing in accordance with university programs and priorities. Funds from other sources comprise students' tuition fees; entrance test fees; contract agreements with third parties; product marketing; donations; and grants from private, government, and nongovernment institutions.

Indonesian HEIs with SOLE status have the privilege to manage and allocate funds derived from tax revenues. They are allowed to utilize funds without approval from the Minister of Finance. Compensation of civil servants is governed by the government's regulations. Otherwise, the flexibility in utilizing financial resources is also extended to the compensation system of university employees, both academic and non-academic. Flexibility in determining tuition fees is also given to SOLE HEIs, since there is no standard set by MONE, and full authority is given to the governing body. Furthermore, several competitive-based funding schemes are provided by the government with multiyear financial planning for HEIs. Sutjningsih made the interesting

point that some SOLE HEIs such as Universitas Indonesia and Universiti Gadjah Mada have been the main recipients of several competitive-based funding programs (D. Sutjningsih, pers. comm. 3 June 2010). Moreover, the university usually allocates counterpart funds as required. The move among leading public HEIs nowadays has been to obtain alternative funding sources from the community such as by creating new programs and conducting research for other sectors or forming holding companies to generate more financial stability.

Public HEIs in Thailand are likewise generally free to determine tuition fees and to design their own personnel compensation following government regulations. In autonomous HEIs, apart from the increasing flexibility in financial management including fund-raising and the use of self-generated income, certain fees (for example, matriculation fees and hospital service fees) have been increased moderately in response to cost analyses. This cost analysis is related to the facilities and services provided by various units and faculties. Other public HEIs can also have the freedom to design their own personnel compensation for nongovernment officials who are hired using the university's income upon the approval of the university council. The HEI determines the budget needed for each fiscal year according to its strategic plan and submits the proposal to MOF's Office of Budget Bureau. Other than the normal route of funding from the government, several government organizations launch special projects and allocate financial support to HEIs. These include research excellence centers, higher education staff development, e-learning, and capacity development, all launched by the Commission on Higher Education, and research projects conducted by the National Research Council of Thailand and other international cooperation projects. In addition, public HEIs may also apply for special budgets from related public sector entities by submitting project proposals. For example, many projects for infrastructure, health care, and education development have received funding from the government under the Economic Stimulus Package.

As previously mentioned, in the case of the Philippines, the SUCs and local universities and colleges (LUCs) have been heavily subsidized by the national and local governments, respectively. This has engendered a major complaint among Philippine HEIs about the long and complicated fiscal process, as indicated by a Philippine scholar and administrator:

Public HEIs have flexibility in determining rates of tuition and other fees, but they have to conduct public hearings and consultations with stakeholders pursuant to the law. At the local level, tuition and other fees are subsidized by the city government, while only a token fee is charged to students every semester under approval of the BoR. Among SUCs, financial support from the government is obtained through the annual budget, which is prepared by the university, recommended by the BoR, reviewed by DBM, and approved by both Houses of Congress after committee and plenary hearings and deliberations. The budgets form part of the annual general appropriations of the national government, which is signed into the law by the President of the Philippines. LUCs are provided financial support through their annual budgets and have a multiyear financial plan of 5 years approved by the local government. They do not receive other financial support from the national government. However, the local government provides additional incentives subject to government regulations on LUCs. The only mechanism to retain HEI autonomy is that an approval of the governing board is required on all matters regarding tuition and other fees. With their strong BoRs, public HEIs have more room to manage their financial resources effectively (H. Lagrada, pers. comm. 3 June 2010).

There are also special budgets from other government agencies for specific programs and projects, which the SUC administrators secure on their own initiative. These include a special fund from the National Agricultural and Fisheries Education System, a special fund from the Department of Science and Technology, funds for research and scholarship from CHED, the Priority Development Assistance Fund from legislators, the supporting fund for special projects from the local government, and also funds from nongovernment sectors. Despite the reliance on the government's support, university administrators were unanimous in requesting that Congress pass new legislation. Recently, Congress has passed a law allowing SUCs to utilize their incomes from tuition and other fees to support their operations. This is considered a major development, since in the past all income was from tuition and other fees and was remitted to the national treasury.

Staffing

Autonomous HEIs in Thailand and SOLE HEIs in Indonesia share common characteristics in terms of flexibility in organizational structure. As previously mentioned, these HEIs have a dual personnel structure of government officials and university employees. Although the majority of university staff in these public HEIs are still government officials and subject to the compensation structure set by MONE in the case of Indonesia, and MOE in the case of Thailand, autonomous HEIs have more and more flexibility in setting up their own compensation and incentive systems for university employees, especially academic staff. In Thailand, the personnel structure in other public HEIs is designed to follow the Human Resources of Higher Education Act, with certain flexibility in accommodating its three categories of employees, namely government officials, university employees, and university workers (OHEC 2008c). To fulfil the universities' aim to achieve academic and service excellence, HEI lecturers in both countries are allowed to take on other employment in parallel with their assigned duties. It is interesting to see that low compensation is not a major complaint for most academics in Thailand. After changing to autonomous entities, several HEIs found that their staff did not want to change their status to university employees because of the prestige and after-retirement benefits they had enjoyed.

Staff of public HEIs in the Philippines are subject to a stricter personnel system, as they are considered government officials and national employees, regardless of whether they are teaching or nonteaching staff. Those who are from LUCs are local government employees. All are covered by CSC regulations and by the Government Service Insurance System. Both SUCs and LUCs have to prepare their staffing pattern including the creation of new positions based on their organizational structure as approved by the governing board and subject to the review and approval of DBM. The positions, titles, and compensation in government agencies, including SUCs and LUCs, are defined by the DBM Position and Compensation Classification System and by the Salary Standardization Law (SSL). With the exception of the University of the Philippines (UP), a university is authorized to draw up its own position classification and compensation plan and to fix and adjust salaries that would approximate private sector compensation schemes. However, funding to support a compensation plan that is outside of the SSL has to be generated by UP. With the approval of the university, HEI personnel including faculty members are allowed to have outside part-time employment provided it does not conflict with their university work schedules and assignments. They may also engage in side businesses provided they do not use their official time and they do not transact business with the university.

Cluster 3

Academic Freedom

Unlike the other two clusters, the degree of autonomy given by the government in Cluster 3 countries varies greatly. It ranges from the newly established autonomous HEIs in Cambodia (PAIs) to the fully government-controlled HEIs in Mongolia. Most HEIs in Cambodia, Lao PDR, and Viet Nam claim to have academic freedom in terms of student enrollment, free speech, and academic curriculum. In Cambodia, the State Laws on education guarantee academic freedom for all public HEIs. Faculty members can publish their academic works or research work freely. However, their academic works must comply with professional ethics stipulated by government regulations. HEIs also have freedom in determining the number of new enrollees, which depends upon classroom capacity. In the case of PAI HEIs, the Executive Council of Pedagogy and Discipline decides the annual enrollment number within the university, which is approved by the Council of Governance. Generally, faculty members can determine subject matter, curriculum, methods of instruction, and research topics. The universities encourage their staff to undertake academic research; however, teaching loads and demands limit such activities.

In the Lao PDR, HEIs determine the number of students admitted each academic year. However, the numbers are subject to approval by the National Commission for Selection of Students. The university elaborates its course and program content according to the curriculum framework approved by MOE. Meanwhile, the university also has the right to partly amend the content without interference from national bodies to adapt it to local situations. In addition, faculty members can decide on all university matters concerning their interests. However, the decisions must be rational, and collectively acceptable through collegial discussion. Research is one of the major duties of universities. Presently, only NUOL has thoroughly carried out research and development owing to its strong human research capacity. Unfortunately, research and development are not carried out with the same quality across the country. Regional universities have conducted only limited research in the form of action-oriented activities and case studies, due to limited numbers of experienced university staff with good analytical skills.

In Viet Nam, faculty members are free to teach and conduct research on subjects of interest to them. Minh (2010) argues that the tenure system assures academic freedom in the Vietnamese higher education system. All HEIs have autonomy to collaborate with other domestic and international HEIs. The number of full-time and part-time students is strictly controlled by MOET. The only exception is for the two national universities, VNU-Hanoi and VNU-HCM, which have freedom to control the number of students in their member colleges. For collaborative programs with foreign partners, HEIs in Viet Nam can decide on the number of students. Nevertheless, the enrollment rate in these types of programs is relatively low due to their high tuition fees. Nowadays, HEIs in Viet Nam have more autonomy over program content. Although MOET decides the overall curriculum, HEIs can adjust a maximum of one-third of the content without reporting to MOET. There are no regulations requiring the faculty to use a specific method of instruction or research. Moreover, the faculty are encouraged to participate in training courses to gain updated knowledge on instruction and research methods.

However, HEIs in these countries must still report to their parent units, except for some fully autonomous HEIs like VNU-Hanoi and VNU-HCM or HEIs with PAI status in Cambodia. Therefore, in practice, there are still limits to academic freedom in Cluster 3 countries. Even

in VNU-Hanoi and VNU-HCM, their status is equivalent to ministries. In other words, the level of academic freedom in Cluster 3 HEIs may not conform to the general definition of academic freedom enjoyed by HEIs in other clusters.

At the other end of the spectrum, Mongolia is still following the system of state-controlled higher education. HEI administrators in state-owned universities can make decisions on the number of students and on course and program content, but under the supervision of national bodies as set out in government regulations. Faculty members freely design the curriculum, subject matter, methods of instruction, and research. However, on matters related to faculty status, they need to comply with the regulations set by the government. In matters of student life relating to the education process, responsible faculty members discuss the matter at the faculty level and submit plans to upper management for final decision.

Funding Arrangements

Similar to academic freedom, financial freedom in Cluster 3 exists only to a very limited degree. Most HEIs rely on the national budget and have the freedom to set their own tuition fees, with some limitations in the form of a tuition ceiling and other similar guidelines in some countries. Additional funds can be obtained through facility fees and through special national budgets. Some, such as the Lao PDR, also resort to raising funds from international sources; however, this strategy does not seem to be sustainable for long-term development. In Mongolia and Viet Nam, income-generating activities like consulting services or cross-border programs are encouraged.

There are two main financial sources for PAI HEIs in Cambodia: the government budget for full-time staff salary and tuition fees. PAI HEIs have some flexibility in determining tuition fees and in designing personnel compensation. Under PAI status, an HEI designs an annual budget and tuition fees for the approval of the Board of Governance, which evaluates proposals and provides recommendations every 3 months. At the end of each year, MOE and the Ministry of Economy and Finance audit the universities. The National Auditing Authority audits the universities every 2 years. Tuition fees are utilized for the whole of the university's operation and maintenance including administration, teaching, and research facilities. Other public HEIs also have some flexibility in determining tuition fees and designing personnel compensation by consulting the government long-term funding or multiyear financial framework. This framework includes several items such as basic salary for faculty members, faculty members' overseas missions, equipment, administration, and maintenance fees.

In the Lao PDR, flexibility in determining tuition fees is enjoyed by public HEIs, with a ceiling of 20% above the rate determined by MOE. Tuition fees collected from students are apportioned into the budget lines: 65% for personnel, 25% for administration and utilities, and 10% for income taxes. To obtain financial support from the government, an HEI must draw up a budget plan and submit one copy to the provincial department of finance (DOF) for endorsement to MOF. At the final stage, MOF will present the plans to the National Assembly for approval. Copies are sent to MOE and DOF for record keeping. The government allocates the budget on an annual basis. Furthermore, the government seeks funds from international agencies to support university projects, based on the 5-year development plans of the universities. Additional funds of the universities are raised from tuition fees; accommodation fees; facility and vehicle rental; donations and contributions from various provincial administration authorities, public and private companies, and overseas partner HEIs; academic services in the form of research findings; joint project implementation; book sales, and so on (Siharath 2010).

In Viet Nam, MOET regulates the maximum tuition fee for each discipline, which is approved by the National Assembly. Recently, a MOET-suggested increase in fees was refused by the National Assembly. HEIs can decide on tuition fees, but not more than the maximum level set by MOET. The Ministry of Home Affairs (MOHA) regulates the scale of personnel compensation that applies to all public sectors. However, HEIs can add funds that they have acquired by themselves through their service activities or utilize financial support from MOET or their parent units. The government provides financial support to HEIs based on the actual data from these units compiled during the previous 3 years. However, the government will reimburse any unanticipated activities in the following year. Most HEIs in Viet Nam, especially the big ones, receive an additional allocation from the government for projects and programs with the target of promoting their facilities, academic affairs, research, and QA. Fund-raising is becoming an increasingly important activity for rectorates and faculties of HEIs in Viet Nam, as the government's financial support is not enough to maintain staff (MOET 2010). Most HEIs in Viet Nam, therefore, have expanded their service activities to generate more income by including part-time programs, cross-border programs, transfer of technology, consulting services, and appeals for donations. Some HEIs now have their own unit solely in charge of fund-raising.

In Mongolia, flexibility in determining tuition fees is offered to all HEIs. HEIs help students to obtain subsidies for tuition fees from the government. Furthermore, students with excellent academic records are exempt from tuition fees. The state-owned universities get annual financial support from the government. However, the government does not provide a long-term funding framework for universities, even if they have a multiyear financial plan. There are no special budgets for national programs allocated to HEIs to help pursue national strategies. Universities usually increase tuition fees and use income-generating programs to meet the increasing demand for funds.

Staffing

Most countries in Cluster 3 have the same personnel structure, that is, the majority of the staff are government officials. Having all staff in HEIs in the category of government officials may be one of the national strategies to control the distribution of human resources. However, the drawback of a strict personnel structure with low compensation is that the higher education sector may not be attractive enough for high-quality graduates to wish to join. Still, it does not mean that academics staff necessarily want to transform their status into university employees with higher financial returns. Evidence shows that changing to the status of university employee does not guarantee better workload conditions.

For example, in Cambodia, HEIs with PAI status have two types of staff, namely administrative and instructional staff. Instructional staff may be full-time or part-time teaching staff. Full-time teaching staff are civil servants and are recruited by MOEYS. On the other hand, part-time teaching staff are recruited by the university in accordance with teaching and administrative demands. Permanent administrative staff are also classified as government civil servants, and contract administrative staff are hired based on personal agreements with the university. Permanent personnel with civil servant status, especially lecturers, cannot have other employment. Although public HEIs in Cambodia have flexibility in designing their personnel structure, they do have to follow the guidelines of the government (Anukret, or regulations signed by the Prime Minister) and to consult with MOEYS.

All university staff in Lao HEIs are government officials except for some contractual employees. Each year, MOE allocates a personnel quota to the universities. Older universities such as NUOL, which has a sufficient number of personnel, receive lower quotas for new personnel, while regional universities usually get a personnel quota of around 30 additional people each. The universities recruit these new staff in-country as well as seeking overseas graduate students according to the criteria announced by the government. The list of new recruited staff is submitted for government approval via MOE's Department of Organization and Personnel and the National Authority for Administration and Civil Service. As in Cambodia, university personnel, especially lecturers, must not have other employment in parallel with their assignments at HEIs, but they have the right to work for family income generation outside office working time or on weekends.

MOHA regulates all public sectors in Viet Nam with regard to personnel management. Along with other public service sectors, HEIs in various provinces have recently been given higher autonomy in accordance with Decree 43 (MOHA 2006). Both MOET and MOHA have policies to support university faculties, such as an additional 25% compensation, and the possibility of lengthening tenure or contract for outstanding retired faculty staff or experts. Prior to 1 July 2003, all faculty were government officials. After this date, all faculty became employees of the universities; those recruited after 1 July 2003 sign their contract with the university. However, this system seems to exist superficially, as there is no evidence that employees can negotiate with the employer about the contract. Contracted employees cannot sign other concurrent full-time contracts. Nonetheless, they can have part-time work, mostly extra projects provided by their HEIs.

Principal-Agent Problems

The principal-agent issue in higher education has been widely explored in the past decade. However, it has faced much limitation in the context of leadership and strategic planning in colleges and universities, especially in Asia. The increasing autonomy of HEIs has not only created a certain degree of tension between HEIs and governments in some countries; the rising autonomy has also contributed to tension within HEIs, specifically between HEI administrators and those working for them. This section, therefore, will examine the distinctive aspects of principal-agent issues in public HEIs in Asia, amplify the call for leadership in strategic planning, and explore the constraints associated with the principal-agent challenge and potential resolution of problems.

Initially, the principal-agent theory was applied to the private sector. The theory defines the relationship between a principal (shareholder) and an agent of the principal (a manager). Economic writings in the 1970s describe two major issues in the principal-agent theory: asymmetric information and motivation (Auld 2010). Nevertheless, studies on the theory's application to the public sector, including higher education, are growing. In the context of public HEIs, which are often "owned" by governments, the goal of the principal is reelection. However, since the global trend of governance in higher education is to increase the level of autonomy and academic freedom in HEIs, the relationship between government and HEIs has been broadened. As mentioned throughout this chapter, some countries have managed the tension between government and HEIs by reducing the command functions of governments and

providing a new role for them as facilitators. The actual outcomes expected by the government may not be parallel to the outcomes defined by the HEIs, just as the supporting mechanisms provided by the government may not live up to the expectations of the HEIs. However, as shown in this chapter, countries in each cluster have developed their own governing approach, based on their developmental stages and political backgrounds.

Another aspect of principal-agent problems is the relationship between an HEI's faculty, administrators, and board members on the one hand and the HEI's clients, students, parents, alumni, and donors on the other. Still another aspect is the relationship between administrators and faculty members. Principal-agent problems emerging in the former relationship are likely to be due to rising costs, grade inflation, ideological bias, and the abandonment of traditional core courses. In both cases, efficient leadership and good strategic planning associated with the principal-agent framework are crucial factors lessening potential conflicts between the principal and the agent.

As a result of increasing autonomy in higher education governance, higher accountability and transparency are expected from HEIs (Francis 2000). The HEI president's role is therefore not only symbolic; he/she must serve as cheerleader, negotiator, evaluator, and communicator not only within the institution but locally, nationally, and internationally. The president must be able to implement the mission and achieve the vision of the institution. All stakeholders must mutually agree on the strategic plan's mission and vision, including principals, who may be appointed or elected to represent the BoT, and agents. HEI leaders must ensure that the governance strategy enhances the faculty and administrator role, and at the same time can respond to society's demands.

Owing to the significant government funding and public support, HEI management must provide an explicit commitment to accountability, and must tangibly detail its contribution to the principal's political and social objectives, initially through the HEI's strategic plan. At the same time, the increasing autonomy also gives more room for faculty and staff members to pursue their own objectives, creating an unavoidable tension resulting from principal-agent problems. Examples below are drawn from experiences in each cluster.

Cluster 1

For research universities in Malaysia, policies on research such as identification of research niche and the introduction of allocation models have given rise to tension between top administrators and academics. For some HEIs, the main problem is decision making on the budget allocation process due to the hierarchical governance structure. Normally, this is done through initial strategic direction from the top, followed by the production of proposals and budgets based on advice from the bottom. The administrators have also found this kind of decision-making process difficult, as the interest of the whole institution must take precedence over the interest of any one part. HEI administrators perceive this practice as real collegiality in the corporate sense. Other types of conflicts such as consultation work without proper permission or research publication misconduct are usually resolved internally by ad hoc committees.

Some HEIs reported that quality and QA were causes of concern among academics, administrators, and lecturers, as QA activities were seen as an extra administrative burden. Each

university set up QA structures in response to MQA, using the QA unit to help ease activities. However, they agreed that much work had to be done to ensure good performance and a good management system. Faculty members are also required to do additional paperwork just to ensure their performance quality.

In Indonesia, control of university staff is limited due to their status as government officials under MONE. A decision on punishment or dismissal usually goes to the central government, which in turn creates inertia in HEIs, as HEI personnel are sure of their lifetime employment status as government officials. The problem will be significantly mitigated when the university has flexibility in managing the budget and has less dependency on the government budget, which is now occurring at SOLE HEIs but not PSIs and certainly not PGIs. Thus, faculty and university leaders will have more authority, or at least a critical role, in recruiting, promoting, and evaluating the performance and development of staff. Principal-agent problems are minimized through formal systems such as incentive- and performance-based evaluation and informal systems such as working environment, shared culture and values, effective and open communication between university leaders and staff, and working relationships among peers.

Cluster 2

In most cases, the hierarchical institutional governance, which is the common governing characteristic of HEIs in Thailand and Indonesia's SOLE HEIs, does not pose any major problem for faculty members' activities, since they normally follow directions from their immediate superior and the university's code of conduct. The system of rule and policymaking within the university is well known to all staff, especially those at HEIs with the status of autonomous university. Any staff not in compliance with university regulations are processed accordingly. Moreover, hierarchical institutional governance of the organizational structure promotes efficiency and economy of operation, and minimizes confusion in the roles and scope of authority and responsibility.

Besides, HEIs usually provide incentives to the performing staff members in a merit-based remuneration system, support grants for participation in international seminars or conferences, create core staff programs comprised of teaching lecturers and lecturing researchers, or provide incentives through various individual assignments. Moreover, HEIs also encourage their staff to further their education by competing for government grants. Therefore, autonomous HEIs have some advantages in using university regulations to deal with internal conflict. They do not have to follow time-consuming government procedures in disciplining or dismissing government officials. Besides, the compensation and promotion system is very transparent as a result of being autonomous and accountable to the public. It is emphasized by some university administrators that the more transparent the system, the fewer problems and conflicts within the organization.

Similar to Thailand and Indonesia, faculty and staff members in Philippine public HEIs have high respect for the rules and policy-making functions of the university. However, the unique characteristics of shared governance in the Philippines are that the bottom-up approach to decision-making helps lessen problems and conflict. In general, there are no serious issues regarding compliance with the regulations and policies instituted by the HEIs, given that the rules and policies are formulated through extensive deliberation by the academic or administrative councils, which ensure that the rules and policies conform to pertinent government laws and regulations, as well as the university code, and are consistent with professional ethics.

When policies and rules emanate from the bottom, compliance with and ownership of such policies and regulations by the faculty and staff are assured. The key incentives utilized to encourage faculty members' active performance include monetary awards—namely honoraria, overtime pay, length-of-service incentives, productivity incentives, and financial assistance for graduate thesis or dissertation—and nonmonetary awards such as high performance ratings and certificates of recognition to earn points for promotion and service credit.

Philippines and Thailand share the same procedures for dealing with principal-agent conflicts. In most cases, they are usually handled first by their immediate superiors and may be elevated to higher level administrators. Universities have procedures and mechanisms, such as the complaint and grievance committee, that handle and resolve conflicts. In very rare cases in Thailand, external arbitrators may be used to avoid bias and conflict of interest. In addition, one of the universities reported that keeping lines of communication open and ensuring timely action have helped reduce conflicts and prevented minor disagreements from becoming overblown.

Cluster 3

Taking into account the background of the former socialist countries, all public HEIs in Cluster 3 are regulated by fixed government regulations, namely the university's internal regulations and professional ethics. Faculty members are required to respect and comply with the regulations through an administrative monitoring hierarchy with a top-down approach. Promotion mechanisms are fixed in accordance with written regulations. For instance, the teaching fee depends upon the academic degree possessed; particular allowances are offered depending on teaching experience; and administrative post promotion is based upon excellent work achievement, work experience, and good solidarity. The university's board of discipline oversees the process, while the hierarchical institutional governance structure assures that faculty members' activities are manageable. The leadership of senior university administrators has contributed to the resolution of principal-agent conflicts.

It is controversial that the universities in some countries such as Lao PDR and Viet Nam give high priority to political and ideological education as the cornerstone of personnel management. According to Sisavanh (2010), the main contents of political and ideological education in the Lao PDR are to inculcate people with

- patriotism, respecting people's democracy, moving forward to socialism, standing firmly for the spirit of freedom, independence, self-management, self-reliance, and self-capacity building;
- loyalty to the leadership of the Lao People's Revolutionary Party;
- acknowledgment, understanding, and assimilation of the internal and external policy platforms, then being able to implement them in real life;
- monolithic solidarity among multiethnic people;
- abiding by laws and regulations; and
- moral standards, professional consciousness, and good behavior.

Admittedly, by HEI administrators in the Lao PDR, all university faculty members are, without exception, periodically educated in the above-mentioned spirit. They are loyal to the leadership and instruction of senior administrative officials and obey the rules and regulations of the

State and the universities. The faculty, as part of university governance, are committed to both teaching and administrative jobs. It is essential that their academic and administrative commitment comply with the rules and policies of the universities.

Furthermore and specific to Viet Nam, in the sense that academic performance generally affects and influences the direction of society, its adherence to ethical standards and consistency with the university's mission and core values must be taken into account. In Viet Nam, principal-agent problems seem not to be a serious issue for universities, since all activities are subject to government regulations. In addition, the hierarchical institutional governance structure means that faculties and staff are almost all conformist. In other words, they are afraid to make mistakes that can have a bad influence on their political or career development.

Certain key incentives are used by senior university administrators to encourage faculty members to improve their academic performance: the opportunity to be promoted or to undertake further study, university support for training for career development, and awards. Concerning the question how senior university administrators and leaders have contributed to resolving the principal-agent conflict, in Cambodia, Lao PDR, and other Asian countries, seniority is the key tool for conflict resolution. Seniority seems to resolve most conflicts. Some conflicts may also be resolved through negotiation and discussion at administrators' leadership meetings.

Career Paths of University Administrators

Career paths of university administrators in most clusters are linear. The only exceptions are in Philippines and Thailand, where experienced non-academics can run for a post. In other words, high-ranking administrators in other countries usually have academic and professional backgrounds. More often than not, those working in HEIs for several years have the potential to be institutional leaders. Most will have to build up their administrative as well as academic experience. In some cases such as in Cambodia and Viet Nam, national politics might influence career progression. The selection process, however, is often undertaken by a rigid selection committee or by BoTs or BoRs. Details of career paths for university administrators in each cluster are provided in this section.

Cluster 1

In Malaysia, the career paths of top university administrators such as deputy vice chancellors (DVCs) and VCs normally start as head of department, dean, director of faculty, director of a research center, or director of a servicing center. Candidates are assessed on their work records; interest; openness; and drive to take on new challenges, opportunities, and positions in a variety of areas.

In many leading public HEIs, university leaders cannot merely be academics but must also be notable scholars and public intellectuals. According to a DVC from one research university, to become a university administrator, one has to have a good academic history and the desire and drive for continuous learning and development. These can be demonstrated by advanced degrees and promotions, scholarships, awards, and recognition as an expert in a field. In addition, they must be strategic thinkers, capable motivators, and brave enough to make changes.

Gender and political inclination are not discriminated against for those seeking a post as a university administrator. There is a transparent procedure in place for public universities to advertise or to nominate for the positions of DVC and VC, and to proceed with the interview process. This process is supported by a search team committee at the ministry level and a selection committee before a decision is made by the Minister of Higher Education.

In Indonesia, university administrators and leaders, such as rectors, deans, and chairs of departments, are elected by the university senate, faculty members, and lecturers within a department. The election and selection of university leaders is regulated by the laws and regulations under which the university was established. The laws also require certain qualifications for leaders such as minimum levels of education and managerial experience. Rectors may come from various disciplines, while deans and chairs of a department must be from the same or a related discipline. Individuals who apply for the position of rector should have experience in the management of faculties, departments, degree programs, or other academic units of a university.

As in Malaysia, HEI leaders and administrators are well respected in Indonesia. They are important resource persons to provide solutions for crucial issues, both in the community and at the national level. Many university leaders continue their careers in high-level government offices either in the department of education or in departments relating to their professional fields. Many others go back to their academic career as professors. As summed up by Na'im and Sutjningsih (pers. comm. 3 June 2010), characteristics of university leaders are as follows:

- They are reputable persons in their academic disciplines.
- They have strong advocacy for the public interest and for disadvantaged people in the community.
- They have strong leadership.
- They have a broad perspective and are able to observe and to provide solutions to social problems.

Cluster 2

In the Philippines, there is no discrimination in obtaining the post of university administrator. Any individual, whether from within the HEI or elsewhere, who possesses the qualifications as publicized by the governing board may apply for a university presidency. Candidates are screened extensively by a search committee created by the BoR. The governing board appoints the president for a term of 4 years with possible reappointment for a further term. After completion of the term, but before retirement, the outgoing president has the option to join the faculty with the rank of university professor.

Vice presidents, deans, directors, department chairs, and other equivalent administrators who possess the required qualifications and pass the screening committee have tenure. A specific term for the administrative post is designated by the governing board upon the recommendation of the president. After finishing their term, they are able to return to teaching with their usual academic rank.

HEI administrators from Indonesia, Philippines, and Thailand identified the following key characteristics of high-level university administrators: strong leadership traits and potential; intelligent and highly educated; possessing an earned doctoral degree in a relevant field; well informed and recognized as an academic leader; visionary, with both local and global orientation; high level of moral integrity without any record of wrongdoing; extensive administrative experience in higher education; good community relations; family man or woman; and physically and mentally healthy. In these countries the career path for university administrators is nonlinear. This means that one who is appointed as a university president may come from outside the university provided he/she meets the requirements. However, vice presidents, deans, directors, and chairs of departments must come from within the university, and anyone who is qualified in the screening process may be designated.

In Thailand, leadership, managerial and analytical skills, self-confidence, and high academic achievement with professional title or national or international recognition are the common characteristics of high-level university administrators in leading universities. Global vision and creative and strategic thinking are other significant elements needed for university leaders. The selection committee chooses HEI administrators, while the university council provides the final approval. A linear career path is applied to university administrators in some universities in Thailand. Nevertheless, the career path for the majority of administrators has been nonlinear.

Cluster 3

In theory, there is no discrimination in the process of university post promotion on the grounds of gender or political inclination in Cambodia, as the promotion of university administrators is carried out in accordance with fixed regulations. The common characteristics of high-level university administrators in leading public HEIs in Cambodia are seniority, work experience, and nonpolitical position. Public HEI administrators are selected from the lower level administrators and then appointed by the government.

Similar to other countries, work experience, knowledge, and capacity remain the key criteria and characteristics in the process of university post promotion. Nonetheless, there is a certain level of discrimination in terms of use of personal connections as a tool to reach the top posts of university administrators in Cambodia and Lao PDR. In the sense of political culture and practices, HEI administrators from Cambodia, Lao PDR, and Viet Nam indicated that they must have good communication with the senior officials of the university and the ministry to gain their political support.

In Viet Nam, rectors and vice rectors are usually selected from the faculties. However, the vice rector position may be given to one who possesses an administrative position. As in most of the countries, the candidate has to undergo a certain process to become rector of an HEI, namely, trust of the faculties and staff through voting, the recommendation of the party, and appointment by MOET or a higher management unit. At the MOET level, there are no regulations to limit the nonlinear appointment of a rector. Nevertheless, traditionally, the potential rector has to pass linear positions such as head of department, dean of faculty, head of a support office, or vice rector.

Summary

To sum up, in most cases, university administrators have started their career with a teaching job before taking up an administrative post. Common criteria in selecting high-level university administrators to lead HEIs include not only academic excellence and exceptional management skills, but also loyalty and morality. The advantage of the linear system is that the administrators are respected as academic administrators. However, the nonlinear system also opens up the opportunity for those who have experience in management and administration. The most appropriate choice depends very much on the institutional culture and background of the HEI.

Recommendations

This publication began by examining the higher education context in selected countries in the Asian region, including the issues of quality, access and equity, and autonomy. Despite differences in higher education structures and systems, most countries are now confronting the same issues requiring systematic structural reforms. It is commonly agreed that both governments and HEIs in Asia are influenced by both internal and international developments, such as the increasing demands for higher education access, the expansion of HEIs, the decrease of public funding, and the increasing importance of research and innovation. These create important questions on issues of governance and administration at both the national and institutional levels, including the extent to which governments in Asia should address these profound changes through higher education reforms and how they strategically view their roles vis-à-vis HEIs in the course of higher education development.

Drawing on the analysis and findings presented in this publication, the following operational recommendations are presented to development partners, such as the Asian Development Bank, for helping developing countries in the region in their efforts to improve the administration and governance of higher education.

Recommendation 1: Assist governments and higher education institutions in sharing effective policies and practices that support the transition towards more autonomy

Rationale. Across the region, public HEIs are gaining increased financial, administrative, and curricular autonomy. The transition to greater autonomy often necessitates new policies, procedures, and practices, both in how government works with universities and in how universities manage their own affairs. While the degree of autonomy and the pace of the transition differ across countries, there is widespread interest among government officials, institutional administrators, and instructional staff in designing policies, monitoring their implementation, and evaluating their appropriateness. One way of helping both governments and universities in this transition is to ensure that they have access to information, models, case studies, and expertise that can inform their thinking.

Recommended actions. Foster dialogue about different governance systems, and strengthen the capacity of both governments and HEIs to improve policy and practice for governance and administration in higher education.

Recommended support through project operations. Projects can help compile, disseminate, and update *examples of effective practices* for both governments and institutions, particularly with respect to resource and personnel management, and transformation processes. Projects can sponsor participation of government officers and university leaders in national, subregional, and regional events aimed at sharing effective regional and international practices in these aspects.

Recommendation 2: Establish a regional database on effective practices in higher education governance

Rationale. Analysis of and case studies on higher education governance are not always easy for government and university-based practitioners to identify and retrieve. A considerable portion of potentially relevant material is found in project reports and institution self-studies with limited circulation, what some have described as “fugitive literature.” Additionally some of the material that is available, while of high quality, may not be written at a level or in a style that is easily accessible to practitioners. One way of supporting the move toward greater autonomy is to make relevant resource materials easier to retrieve and easier to understand. At the same time, there is a need for an ongoing effort to capture new regional experience through targeted evaluations and case studies. Overall, the greater autonomy and accountability may take time to achieve as countries take different paths towards the transformation.

Recommended action. A more sustainable approach to helping countries in the region transform and cope with the impact of increasing institutional autonomy is to create a regional hub for information and resource sharing on governance and administration.

Recommended support through project operations. Projects can help the move toward greater autonomy by supporting countries in establishing *national databases*. These would consist of details on types of HEIs; necessary legal amendments; steps to be taken at the institutional level; lessons learned from the transition; and information on key stakeholders and national, regional, and international experts in related fields (such as financial management, legal arrangements, and staff development).

Project support can be provided to establish a *regional hub* for information and resource sharing on governance and administration in higher education. The regional hub would support the establishment of and draw on the national-level databases. Projects could support *existing regional networks in higher education development* to contribute to the regional hub and benefit from its implementation.

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Higher Education in Dynamic Asia: Study Reports

The reports from the Asian Development Bank's regional study on Higher Education in Dynamic Asia provide an analysis of the issues facing higher education across Asia; suggest priorities among these issues; and offer detailed recommendations for the role that governments, higher education leaders, and other stakeholders and partners such as ADB could play in strengthening higher education systems and institutions in the region. Other titles include the following:

Higher Education Across Asia: An Overview of Issues and Strategies (2011)

This publication summarizes findings and recommendations of a major regional study on Higher Education in Dynamic Asia, financed by ADB. It provides an overview of the critical issues challenging higher education across Asia. It summarizes suggested priorities and solutions among those key issues and offers recommendations to help countries and higher education institutions implement the solutions.

Improving Instructional Quality: Focus on Faculty Development (2011)

This publication provides an analysis of key factors that can help strengthen the internal efficiency of higher education institutions in Asia. It focuses on differentiating institutional missions, improving the quality of teaching, creating a more positive institutional culture, and strengthening university-based research.

Counting the Cost: Financing Asian Higher Education for Inclusive Growth (2012)

The publication focuses on critical issues of financing higher education in Asia, including alternative funding sources; privatization of public higher education institutions, and financial consequences of the rise of private higher education; student loans; and lower cost strategies for delivering instruction. It provides evidence that a key priority to strengthen higher education finance is via effective implementation of quality assurance.

Access Without Equity? Finding a Better Balance in Higher Education in Asia (2012)

Although expanded access is the major accomplishment of higher education systems in Asia, equitable provision of higher education is a challenge. The publication focuses on improving access to higher education for students from marginalized groups, and on mainstreaming access and equity in national and institutional policies and strategies. In addition, it analyzes the expansion of higher education access and equity via the growth of private higher education and effective technology-based instruction.

Private Higher Education Across Asia: Expanding Access, Searching for Quality (2012)

The publication focuses on the growth of private higher education in Asia. It provides a comprehensive analysis of the various types of private higher education institutions and their functions, and pursues timely perspectives, including implications for policy, quality assurance, and accreditation.

Regional Cooperation and Cross-Border Collaboration in Higher Education in Asia: Ensuring that Everyone Wins (2012)

An increasing number of countries across Asia are participating in regional cooperation and cross-border collaborations as a strategy for strengthening their higher education systems. Often collaboration works to the advantage of each partner, but not always. The publication analyzes the popularity of these collaborations and the range of purposes and activities. As the collaboration mechanisms have expanded, so too have the complexities. Shifting economic circumstances converge to raise new issues for higher education leaders seeking to reap the benefits of regional cooperation and cross-border partnerships.

Improving Transitions: From School to University to Workplace (2012)

The publication explores the critical issues of alignment and relevance among schools, universities, and the labor market in Asia. It argues that incoming university students must be prepared, and thus school curricula need to align with university entrance examinations. Meanwhile, university curricula ought to correspond with market demands to increase the employability of graduates with the right skill sets for the workplace.

Administration and Governance of Higher Education in Asia Patterns and Implications

Asian countries, despite differences in their higher education (HE) systems and in their political and social structures, increasingly see the HE sector as a strategic lever for long-term sustainable development. Transforming the HE sector will depend very much on the capability of both national agencies and HE institutions to work together in creating more alignment, lessening tension, and achieving a balanced and efficient governance system for HE. This publication provides a timely analysis of administration and governance of HE and presents recommendations to improve this field in Asia.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.8 billion people who live on less than \$2 a day, with 903 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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