University Autonomy and Corporatisation in Southeast Asia

Key considerations for
policy makers and leaders

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Introduction

Institutional autonomy and the corporatisation of public universities in Southeast Asia are no longer a choice for policymakers to make, but a political imperative.

This is often due to cuts in government funding of public universities, with the requirement that universities be more self-sufficient financially. Yet there is still the expectation for these universities to achieve the same results, if not more. Additionally, pressures, such as that brought on by the university league table rankings phenomenon, have spawned the use of increasingly sophisticated systems of key performance indicators (KPIs) in the management of university affairs.

Institutional autonomy and university corporatisation are terms which imply very different practices in different countries. For instance, the academic staff of corporatised Malaysian universities remain civil servants, while this is not the case in Singapore. Rather than assume that there is a monolithic phenonemon of corporatisation, this policy brief discusses specific developments in various countries and in universities in these countries.

There are particular ramifications for the borrowing of such management practices from the private sector – sometimes termed new public management (NPM) – for the higher education sector. This is not to say that NPM is all bad for universities. However, there are particular considerations that policy makers and university leaders have to make which may not similarly concern their peers in other privatized public service sectors – concerns as to whether a university remains true to its educational mission, for example.

No one-size-fits-all recommendations can be made across countries and regions, but higher education policy makers and administrators must be well aware and be informed as to the consequences of various options in the corporatisation process, rather than to leave it to the vargaries of policy fads or political pressure. This policy brief therefore seeks to provide that awareness and information, as objectively as possible, by:

- Providing examples and illustrations of how university autonomy and corporatisation initiatives have played out in practice;

- Sharing best practices; and

- Warning of the potential pitfalls of some options in the management of universities.

Governance and Management

In the Malaysian government's drive for its public universities to be more efficient with a much leaner governing structure for decision making, the size of universities governing bodies was reduced and one level of hierarchy was eliminated. The University Court (a body of supporters and advisors of the university which holds powers on constitutional matters of the university) was abolished further, the University Council was replaced with a much smaller Board of Directors and the size of the Senate (comprising academics) was reduced to about 40 members.

This was complemented by the formation of new departments, previously unheard of in

the context of a university. One of the two Malaysian universities established a quality assurance department, initially to audit various processes in the university, as well as to evaluate the institution's readiness for obtaining the autonomous status and develop a strategic plan for the university after successfully gaining the status. Thereafter, the university mandated the quality assurance department to implement the strategic plan, and it now monitors the university's key performance indicators.

While the effect of these new departments appear to be neutral in our study of the Malaysian case, the situation in the Thai universities pointed to a new form of unhealthy centralisation occurring in the university – where every decision in the university is made by the central executive, leaving little to no room for individual faculty and staff to exercise flexibility and freedom.

Government control and/or influence is still considerable on the boards of universities that are either private or are being corporatised. In our case study of Singapore's SIM University (UniSIM) – now renamed the Singapore University of Social Sciences (SUSS) – which started off as a private institution, the governing board of trustees is appointed by the SIM Governing Council (which governs the not-for-profit organisation called SIM Group, which was itself established under the Charities Act), in consultation with the Ministry of Education. The board of trustees was tasked with broad oversight of the university's strategic direction, governance and quality. There was government representation on the board, as is the case in Singapore's public universities. Such government representation on the board has been justified as being part of the privilege of the university being granted a degree-granting licence.

Autonomy and Leadership

As long as public universities continue to rely on funding from the state, there can be no true autonomy as might be the case in the United States. Public universities in Southeast Asia generally exercise "guided" or "restricted" autonomy, as a number of their decisions still require approval from Ministries of Higher Education, and they have to adhere to relevant circulars from government ministries.

Governments may indeed transfer more powers from ministries to the boards of directors of universities as part of the process of university corporatisation and the granting of autonomy. However, that autonomy cannot be fully realised until public universities have the authority to decide their own appointments for top management positions. Even with autonomy status for Malaysia's public universities, for example, the appointments of the Chairman of the Board of Directors, its members, the Vice Chancellors and Deputies Vice Chancellors remain the prerogative of the Minister of Higher Education.

Therein also lies a contradiction in practice. With the granting of autonomy status, universities are required to have their own strategic plans in charting the way forward. Leadership in the formulation of such strategic plans understandably tends to be vested in the Vice Chancellor/President, and consequently, strategic plans tends to change with the appointment of new Vice Chancellors/Presidents. However, in countries such as Malaysia where the Vice Chancellors/Presidents of universities are appointed by the Minister of Higher Education, the formulation of strategic plans of universities tend to be synchronised with national strategic documents and policies, as in the pre-autonomy era.

These issues therefore call into question the scope and utility of the much vaunted autonomy status for universities in the Southeast Asian context.

Key Performance Indicators (KPIs)

Under Thailand's old system, there was no mechanism to enforce research activities among academic staff in the universities at all, resulting in minimal research output. In the new era, the international ranking and national quality assessment systems have placed an emphasis on research and publication, thus exerting greater pressure on universities and academics. The overall result has been less inertia and inaction among academic staff.

That said, the reality is that English is not the first language of many academics in Southeast Asia, nor are they familiar with the publication norms and processes adopted by international academic journals. This has inhibited their ability to meet publication KPIs.

One KPI for staff promotion is the setting of a minimum number of courses for an academic staff member to teach. Yet in one of our Malaysian case studies, where there were too many academics in a faculty and insufficient courses to be distributed among them, the faculty had to resort to the practice of splitting the courses to ensure all academics have sufficient courses to teach – without much regard to the coherence of the course in question.

Finance and Funding

The initiatives undertaken by universities in our case studies to generate income have generally involved the privatisation of the use of their facilities and infrastructure, such as their hostels. To further reduce extraneous

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costs such in maintaining a fleet of cars for a Malaysian university, a cash allowance is instead provided for senior staff who are entitled to have a car.

While it might sound like good policy to make public universities more self-sufficient by allowing them to generate their own income, it could also have the perverse effect of accentuating the vast inequalities between universities. While one of the two universities in our Thai case study faced difficulties in income generation, the other university was better off due to their abundant land assets on which to earn rent income. There is the danger for less well-endowed universities to compromise on academic standards and course quality in the pursuit of financial self-sufficiency.

In the Thai case studies, academics argued that there has been greater pressure at the faculty level to earn income, rather than in other non-academic, non-teaching departments of the university. The faculty was required to source for the funding to pay for extra staff, students' activities and even new buildings and

infrastructure. The university's central administration might indeed be the body giving the permission for new buildings to be built, but it does not cover the cost of construction and infrastructure. The most convenient way for the faculty to generate such income was to start new courses — in particular, international programmes and short courses of a more commercial nature. Some respondents argued that the proliferation of such new programmes had negative implications for the university's educational standards.

Human Resource

A significant human resource issue faced in the context of university autonomy/corporatisation concerns the delinking of university staff from the civil service:

- Corporatisation has been driven by need to attract global educators and researchers, by paying them globally competitive salaries. This has generally meant that university staff in public universities have to be delinked from the rigid constraints of the civil service, which they are generally part of.

- In our Thailand case study however, academic staff showed a strong inclination towards remaining as civil servants, despite the higher salaries they would receive as a result of the delinking from the civil service. This is because of the high status of civil servants in Thai society, including the eligibility to receive royal accolades which they may not otherwise qualify for.

- If academic staff are civil servants, the university does not then have the absolute power to hire or fire due to poor performance. However, in Malaysia in 2014, the civil service proposed an exit policy for non-performing civil servants. The public universities are currently in the process of

developing an exit policy for staff who do not meet performance requirements.

- Another consequence of the linkage to the civil service relates to the mandatory retirement age, which is 60 in Malaysia, but which for academics is an age that they may still be productive and are able to contribute to academia. The traditional practice in Malaysian public universities has been to rehire academic staff at their last pay grade on a bi- or tri-annual contract. The Malaysian university cases in our study, however, have adopted different ways to retain retired academic staff:

  - One developed its own retirement scheme involving a lump-sum payment with specific tasks, such as a requirement to teach two courses and supervise one doctoral student.

  - The other offers a position of Honorary Professor without stipendiary, although the holder of such a position can maintain an affiliation to the university as well as access to facilities.

Academic Matters

Autonomy for public universities has generally brought about more flexibility in terms of academic matters such as course approval. Most evidently, the decision making process for academic matters no longer depends on a government department or agency, but on the University Council as is the case in Thailand. On the other hand, Thailand's Office of Higher Education Commission (OHEC) initiated the Thailand Qualification Framework (TQF) at the onset of autonomy status for public universities – the TQF is a detailed guideline that each academic programme needs to meet in order to be approved. It is also linked with the

Internal Quality Assessment that each academic programme needs to undergo to be renewed every year. Academics have questioned how there can be true autonomy if the university continues to be "dictated" to by outsiders, through an approval process involving form filling. The other side of the argument is that given the diversity of universities, some guiding framework is of value. It is the quality of leadership that Office of the Higher Education provides which is important.

Although the ministry's control on academic programmes has not been as dominant as in the past in Malaysia, the purpose of such control has also shifted from curbing activism and political reasons to having more economically-driven considerations. The concerns currently relate to graduate employability, and the popularity of programmes which lead to income generation. In some disciplines like business and architecture particularly, more professional and commercially-driven programmes are being developed in public universities. The contradiction with the role of the Senate lies with two major arrangements. On the one hand, academic programmes in universities, even with the approval of the university's Senate, are largely subjected to the accreditation of the Malaysian Qualifications Agency, as well as professional bodies in selected disciplines. The accreditation process can, at times, be prescriptive, in requiring the academic programme to be structured with outcomes, activities or assessments in a particular manner. On the other hand, approval from the Ministry of Higher Education is needed for a change of curriculum of more than 30%. However, this requirement for public universities with autonomy status has been relaxed somewhat, in which the ministry needs merely to be informed.

In the case of Malaysia, not all autonomous universities enjoy unconstrained powers in student admission. Even the most autonomous of universities do not have the prerogative to decide on the types of pre-university qualifications to be recognised, because the recognition of qualifications is still subject to the guidelines of the Public Service Department of the government. Hence, Malaysian public universities cannot admit students with qualifications such as the Unified Examination Certificate, a standardised test for Chinese independent high school students organised by the United Chinese School Committees Association of Malaysia, which is otherwise recognised for the purpose of university admission in Singapore, Hong Kong, the United Kingdom and Australia, among other countries. The autonomy for these two Malaysian universities in our study only involved the setting of additional requirements and processes, such as conducting face-to-face interviews, to determine which students could be admitted into their academic programme.

Policy Recommendations and Considerations

The creation of oversight bodies like boards of directors, or the necessity of having strategic plans, is desirable in this era of efficiency. In general, however, they should not be allowed to become burdensome to the university's core functions of teaching students and faculty members doing research to further the development of knowledge.

In conclusion, here are some key policy recommendations and considerations for policymakers and university leaders:

- **Governance and management**: While streamlining the governance structure of universities may contribute to more

efficient operations, it should be noted that therein also lies a danger of over-centralisation within the university. University authorities should endeavour to allow staff reasonable autonomy in academic and research matters which is necessary for universities to achieve their fundamental mission of teaching , research and service.

- **Autonomy and leadership**: The truism – and an often inescapable situation – is that as long as public universities continue to rely on funding from the state, there can be no true autonomy. Nevertheless, for the purposes of deriving the benefits of autonomy, appointments to top management positions in universities should not be made directly by the government. The government could have an advisory role with regard to their appointments.

- **Key performance indicators (KPIs):** Businesses operate in quarterly cycles, but a university can be said to work in four-year cycles – the amount of time needed for a student to complete a programme. Even a one-year period of KPIs does not work for the assessment of academic staff, who need more time than that for the publication of research findings in local and overseas academic journals. A good KPI system for a university should take into account these cycles.

- **Finance and Funding**: The most convenient way for universities to generate income is to start new international programmes and short courses of a more commercialised nature – but the proliferation of such new programmes can be detrimental to the university's educational standards. It would be preferable to shift the burden of generating income to the non-academic activities of the university, such as

privatisating the use of their facilities and infrastructure like hostels.

- **Human resource**: The delinking of university staff from the civil service is needed for universities to be able to attract global educators and researchers, by paying them globally competitive salaries. That said, attention must be paid to socio-cultural considerations in each society (e.g. the high status of civil servants in Thai society, and the strong preference for Thai university staff to remain as such), so that university staff do not feel that they have lost out on an important non-economic benefit.

- **Academic matters**: A national commission or government department for overseeing academic matters and quality issues (e.g. through a light-touch course approval process), and the quality of leadership they provide, is still relevant even in the context of having autonomous universities. Where there is a diversity of standards and quality among universities, such a national commission or government department would ensure that disparities do not grow.

The case studies on which this policy brief is based came from a research study on university governance in Malaysia, Singapore and Thailand, conducted under the auspices of The HEAD Foundation in 2016. The researchers in that study were Molly N.N. Lee, Loke Hoe Yeong, Wan Chang Da, Morshidi Sirat, Benedict Weerasena, Rattana Lao and Jason Tan. Additional insights came from a closed-door expert roundtable with higher education policy makers and university leaders held at The HEAD Foundation in Singapore on 24 February 2017.

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The HEAD Foundation is a think tank devoted to research and policy influence in the fields of Education and Leadership for societal development in Asia. Established as an international charitable foundation in Singapore in 2013, it aims to advance the study and understanding of the links between these fields, and their implications for governments, businesses and civil society in the region.

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