



INTERNATIONAL INSTITUTE FOR EDUCATIONAL PLANNING
7-9 rue Eugène-Delacroix, 75116 Paris

in collaboration with

SEAMEO REGIONAL CENTER FOR HIGHER EDUCATION AND DEVELOPMENT
(RIHED), Bangkok

and

HUE UNIVERSITY, Hue City, Viet Nam

Institutional Restructuring in Higher Education in Asia :

Trends and Patterns

by

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**Theme paper prepared for the Policy Forum on
Institutional Restructuring in Higher Education in Asia**

23 to 24 August 2004, Hue City, Vietnam

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The publication costs of this study have been covered through a grant-in-aid offered by UNESCO and by voluntary contributions made by several Member States of UNESCO, the list of which will be found at the end of the volume.

Published by:
International Institute for Educational Planning
7-9 rue Eugène Delacroix, 75116 Paris
e-mail: information@iiep.unesco.org
IIEP web site: <http://www.unesco.org/iiep>
Cover design: Nathalie Pruneau

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Institutional Restructuring in Higher Education in Asia : Trends and Patterns*

N.V. Varghese**

1. Context

The recent changes in the higher education scene are many and they significantly influence the way higher education is organized and provided in many of the countries. In the 1960s and 1970s, higher education remained a small sector even when it was expanding primarily due to the support it received from the public authorities. This phase in the development of higher education changed in the 1980s when the economic crisis crept in most of the countries. The economic slow-down reduced the efficacy of the state to support higher education, and consequently, the hitherto protected sector showed signs of decline. Student enrolment in many developed and developing countries declined in the late 1980s (Altbach, 1984). 'Cut back management' (Pratt and Silverman, 1988) became a common phrase and an accepted practice in the public-funded universities of many countries.

The higher education system in the developed world, after a short period of uncertainty, responded to the situation by devising strategies to reduce financial reliance on public exchequer, moving away from state control on its operations and improving efficiency of their operations through reprioritizing the resource allocations based on more objective criteria.

The higher education system in the developing world took a little more time to respond to the crisis situation. The universities in the developing world had another disadvantage too. They were also influenced by the policies advocated during the period of structural adjustment programmes. The dominant trend in public policy and action during the period of structural adjustment programmes of the 1980s was in terms of diverting public investment from higher to primary education. The rate of returns analysis provided a theoretical support to such a shift in policy. It was argued that returns to primary education are higher than that at other levels of education, and hence the diversion of resources from higher to primary education was justified in terms of economic rationality and profitability (World Bank, 1986). Such policies led to the declining resource base and deteriorating service conditions in many of the institutions of higher education and were a contributory factor for the erosion of higher education in developing countries and the depletion of their national capacities. In extreme cases, universities in many developing countries became resource-starved and were on the brink of collapse.

After a period of helplessness, universities in some of the developing countries adopted varying strategies to move away from the total reliance on public resources for their activities. These strategies can broadly be categorized into the privatization of public institutions of higher education and the promotion of private universities. In the former case, the universities remained public-sector organizations with diversified sources of funding and improved operational freedom and academic autonomy, whereas in the latter case, the public

* This theme paper, prepared for the Policy Forum, is based on the case studies carried out in Asia under the IIEP research project on *Institutional Restructuring in Higher Education* directed by the author.

** Staff member at the IIEP, Paris. The opinions and views expressed in this paper are of the author and hence should not necessarily be attributed to the institution where he is employed.

authorities permitted the operation of private institutions of higher education, many of which operated like profit-making commercial organizations, offering market-friendly courses and levying a market rate of tuitions. The institutional restructuring process discussed in this paper is concerned primarily with the former set of strategies, namely, privatization of public universities.

Interestingly, the privatization strategies adopted by public universities in the developed and developing world have many similarities. They adopted cost-recovery and cost-sharing methods and initiated income generating activities and profit-oriented commercial ventures to mobilize resources needed for the smooth operation of the university activities. In the process, public universities adopted a corporate style of functioning, focussing on the notion of efficiency in operation based on a perspective of 'managerialism'. In other words, public universities have become both managerial and entrepreneurial in their approach, as well as in their operations.

Public institutions of higher education have become progressively more independent from the government and have gained a high degree of autonomy in their operation. Many have reorganized their activities in a cost-conscious corporate style, even though they remain within the public sector domain. The concerns regarding economies of scale and operational efficiency led to the amalgamation of departments, merger of institutions, and re-designing and re-organization of academic programmes and courses.

There are broadly two ways of looking at these changes. First, these changes can be seen in terms of finance driven changes. Under this frame of analysis, it can be argued that declining public funding forced many of the universities to adopt strategies which were essentially oriented toward resource saving and income generating. Such reform measures were taken in many countries (Sanyal, 1995). Second, these changes are more to do with the positioning university activities in line with changing external environment. In other words, the primary orientation of reforms in this frame of analysis is to improve the relevance of programmes and courses offered by universities and enhance the quality of services provided by the universities rather than as measures to overcome financial difficulties faced by the universities. Although cost-saving and resource mobilizing strategies were common in both instances, this paper, as you will see in the latter sections, argues that the institutional restructuring in East Asian countries was more influenced by the compulsions of change in response to the changing context than as responses to financial compulsions. In other words, it is shown in this paper that institutional restructuring in East Asia was an effort to improve relevance and quality of higher education rather than as an instrument to mobilize additional resources. Resource mobilization may be part of the process but not the primary focus and purpose of institutional restructuring. Further, the changes initiated in many universities were slowly but steadily developed into major changes in the organization and provision of higher education to a larger number of people in all the countries.

Although these changes were introduced initially on a small scale, they have cumulatively led to dramatic transformations in university operations. These changes have redefined the relationship between the government and institutions of higher education. They have shown how universities can respond to the social demand and be accountable to the government at the same time; again these changes indicate how improvements in institutional management can itself be a good source of resource saving. This process of change in the functioning of institutions is termed as institutional restructuring, and perhaps it is one of the most important changes that has taken place in the management of universities during past

decades. Although once considered to be organizations that do not change, universities are now being transformed at a very fast rate.

This paper attempts to point out some of the significant features of the institutional restructuring process that has taken place in different universities in Asia. As mentioned above, the analysis in this paper shows that institutional transformation and restructuring need not always be associated with financial difficulties faced by institutions. The next section of the paper analyzes the compulsions of change in higher education in Section 3, followed by a discussion on the East Asian context and the study in Section 4. Section 4 deals with some trends in the institutional restructuring process in different universities, while Section 6 attempts to capture some of the features of institutional restructuring which are common across countries. The final section makes some concluding observations.

2. Compulsions of change in higher education

The higher education scene has changed, forcing changes in the management of the system. Expansion of the system, diversification of provision of services and resource base, and changes in economic rationality of investing in higher education have been factors influencing change in the higher education scene. Five factors can be identified as major sources of change in the organization and management of higher education. They are: a) pressure to expand the system; b) pressures due to the globalization of the economy; c) increasing individual interest in investing in higher education; d) emergence of private higher education; e) pressures due to reduced funding.

a) Pressure to manage the expansion of the system

According to UNESCO statistics (UIS, 2004), the total student population in the world increased from 608 million in 1970 to 1,199.8 million in 2000. Higher education accounted for 3.3 per cent of the total enrolment in 1970, while it accounted for 8.4 per cent in 2000. The enrolment in higher education during the same period increased from 28.1 million in 1970 to 101.2 million in 2000. While in the 1960s and 1970s, both developed and developing countries made advances in expanding higher education, in the 1980s and 1990s, developing countries lagged behind the developed countries in terms of the expansion of the higher education system. The gross enrolment ratios in higher education doubled and trebled in the developed world between the 1980s and 1990s, the same in the developing world remained constant or marginally improved during the same period.

Among the developing countries, the East Asian countries made considerable progress and they increased their share in enrolment in higher education to total enrolment from 5.1 per cent in 1970 to 24.6 per cent in 2000. Further, the East Asian countries made the greatest advances accounting for one-third of the increase (additional enrolment) both at the secondary and tertiary levels of education. More importantly, the GERs started improving in many developing countries during the late 1990s. In other words, higher education is expanding both in the developed and in the developing world. In the developing world, higher education has assumed a mass character with GER surpassing 50 per cent whereas in majority of the developing countries, the GER is less than 10 per cent despite the expansion. Needless to add, the EFA programmes in the early 1990s have led to increasing enrolment at the secondary level followed by a strong pressure to expand at the higher education level.

What is important is that expansion of higher education is a universal phenomenon today. The existing institutional arrangements were not in a position to accommodate the increasing social demand for higher education. The demand for varying courses and programmes of study could not be met by the existing public institutions. Therefore, the mode of delivery and provision of services got diversified. Private institutions, distance learning institutions, including e-learning and trans-border providers, became viable alternatives in any country.

b) Pressure to change due to globalisation of the economy

Globalization has contributed to an increasing demand for a larger quantity and better quality of higher education graduates. With the transition towards knowledge-based production, economies are increasingly realizing the importance of research in development. The universities and research organizations directly contribute to enhance the market competitiveness of individual economies in the context of globalization. The capacity to innovate is positively associated with the quality of higher education provided in the country, and absorption of innovations depends on the quantity of higher educated people (Stiglitz, 1988). The edge in international competitiveness is provided by the national pool of professionally trained human resources. Those who were well endowed with this resource could progress faster, and those countries in which higher education was reasonably developed could expand the system at a fast rate. This was well recognized by the developed world and they increased their investments in higher education.

The knowledge driven production of goods and services increases the demand for higher educated manpower. Evidence of this phenomenon can be observed from the fact that, in the developed countries, the proportion of university or higher education institution graduates have increased at a fast rate during the recent past and it continues to increase even now (World Bank, 2002a). The shift in employment prospects from manufacturing to service sectors is also associated with increasing qualification levels of employees. Higher education graduates have a premium in the labour market. In other words, with the increase in the intensity of knowledge in production, the demand for higher education persons in the labour market has increased and this in turn has increased demand for higher education.

This part of the increase in demand was experienced more in the developed countries since many countries within the developing world could not respond favourably and were unable to take advantage of positive opportunities provided by globalization for lack of technology and trained manpower. However, interestingly, even when they were not beneficiaries of the positive return from globalization, they were in a sense forced to be part of the globalization of higher education. Education became a tradable commodity under the GATS, and countries such as Australia lead in terms of income generated from exporting educational services to other countries. The twining and franchising arrangement are becoming common in many countries. Transnational operation of universities of some of the countries is posing challenges to the national systems of higher education.

One important aspect of globalisation is its implication for a global system based on the concept of transnational practices, practice that originate with non-state actors, and across state borders (Sklair 1995). Economic rationalism became a dominant feature in policy discourses and in the public management of all sectors including education (Welch, 2001). The search for a more effective and efficient approach in managing the public sector led to a rational, output-based, management view of organizational reform.

The market orientation and managerial concern has led to restructuring of governance in the public sector. The state support to education is questioned and the application of market principles in the provision of education services is encouraged. Under this scenario, the role of the state as service provider is increasingly replaced by the regulative authority of the quality of public services (Mok and Welch, 2003). Consequently, universities have adopted corporate models and have become entrepreneurial (Clark, 1998) where university activities and organizational structures and management practices have changed. Economic rationality, market principles, and the notion of 'academic capitalism' (Slaughter and Leslie, 1997) lead the changes in managerial practices in universities.

It is noted that three aspects of recent developments, namely: 'capitalization of knowledge', 'deterritorialization of information' and 'technologicalization of education' (Peters, 2003) have created a conducive atmosphere for the globalization of education. Thus, cross-border education has promoted the process of privatization of public universities, the marketization of courses and programmes, and the corporatization of university services. As can be seen in the latter part of this paper, the institutional restructuring process initiated in some of the countries studied is more due to the change in the view of education than due to any compulsions of mobilizing resources.

c) Pressure to change due to the higher rate of returns to investment in higher education

The rate of return studies in the sixties and seventies showed a higher rate of returns to the primary level than to other levels of education (Psacharopolous, 1994). This research evidence was one of the bases for arguing for a diversion of public resources from higher to primary levels of education during the structural adjustment regimes. These trends have changed in the 1980s in many countries and recent estimates indicate that returns to higher education are not only on the increase, but also that they surpass that of the other levels of education. This reversal of the trends is visible even in developed countries and in some of the developing countries in the Latin American region and in countries of the Asian and African regions (World Bank, 2002a).

The UIS-OECD studies indicate that the earnings advantage of the tertiary educated over the upper secondary educated is very high both for men and women. For men, the earning advantage of higher education graduates over secondary school graduates varies from 82 per cent in Indonesia to almost 300 per cent in Paraguay. For women, the corresponding variations are from 55 per cent in Indonesia to 179 per cent in Brazil (UIS-OECD, 2003). This increases the propensity of individuals and households to invest in higher education.

Higher education contributes to improved income through different channels. First, the labour force participation rates among the higher educated are consistently higher than those who are less educated. Equally important is the fact that the unemployment rate in many countries is lower among university graduates than secondary school graduates. This factor certainly increases the demand for higher education also due to the fact that the opportunity cost of seeking higher education declines when there is a higher level of unemployment among the secondary school graduates. Thus enrolling in tertiary education is less costly and is a way of reducing the chances of being unemployed.

Second, higher educated persons get into sectors and jobs that are higher paying, leading to the enhanced average income of the educated in general. The skill premium in

wages in the context of globalization (World Bank, 2002a) is a beneficial ground for higher education to grow. Since returns from higher education are higher, the state and the households are willing to invest in higher education. The growth of private universities and the privatization of public universities are indications taking advantage of the willingness of households to invest in higher education. The willingness of many countries to review policies and legal provisions to promote the establishment of private institutions is the state's willingness to invest in higher education even when its resources are scarce.

d) Pressure to change due to the emergence of the private sector in higher education

Private higher education is one of the most dynamic and fastest growing segments of post-secondary education at the turn of the 21st century (Altbach, 1999). The inability of the public sector to satisfy the growing social demand for higher education, the inability of public universities to offer courses which are employment oriented and market-friendly, and the willingness of many households to pay for the higher education of their children have contributed to the fast growth of private institutions in higher education. Many of these private institutions are for-profit institutions that trade the stocks and shares of educational institutions (Ruch, 2001). A close scrutiny of some of the private institutions (Varghese, 2004a) indicate that they are of recent origin, small in size, and offer courses in limited subject areas which are market-friendly subject areas such as management studies, computer sciences, medical and engineering subjects, etc.

Many of those who provide cross border E-learning facilities are private operators or operate on a full cost basis. As noted earlier, deregulation policies in many countries and the globalization process encouraged private operations in higher education. A large number of private higher education institutions operating in different countries are funded and at times managed by religious agencies, and many of them are not-for-profit institutions. There is pressure on public institutions to change as a result of operation of private higher education institutions. Studies (World Bank, 2002b) note that the private sector institutions, although small in size compared to public universities, introduce an element of competition, innovation, and management style which is considered to be more efficient than the same in the public universities.

*e) **Pressure to change due to reduced public funding***

One of the important features of the 1990s is that higher education has expanded in the developed and in many of the developing countries, despite unfavorable funding conditions. This was possible due to the efficacy of the sector to move away from reliance on the state for its operation by devising strategies of privatization in higher education. In other words, the political attitude to support higher education, the changing political scenario in East European countries, the inability of the state to continue its operations at the same scale in developed countries, and the structural adjustment programmes in developing countries persuasively encouraged privatization in higher education.

Country experiences from Asia (Sothorn and Yiibing, 1995) indicate that privatization can imply no support from the state (full pricing) and partial funding by the state (quasi-privatization). In cases of quasi-privatization, there will be regulatory monitoring by the state. Whether privatization is quasi or total, new vocabulary has entered into the sector (Guttman, 2000); university Vice-Chancellors and Presidents could be CEOs, principals could be managers, or parents and students could be customers, etc. The changing terminology denotes

a change in the attitude of individuals and policy makers towards education. Strategic planning and management is an unavoidable exercise in all discourses on educational management.

Reform measures to overcome funding difficulties were introduced, including the following: i) cost-saving measures such as a freeze on both staff salary and recruitment; ii) cost-sharing measures such as enhancing student fees, introducing student loans etc; iii) resource mobilizing strategies that included developing short courses or training programmes on a full cost-recovery basis, undertaking contract research, consultancies, linking universities with production sectors (Martin, 2000) and other various income-generating activities. All of these implied a change in the way universities operate and pose challenges for managing the higher education sector.

To sum up, the discussions in this section indicate that higher education has become an expanding sector and the policy context is conducive to such expansion. In most of the developed countries, the share of the education budget for higher education has been increasing during the period of globalization (Varghese, 2003). However, a policy support for expansion does not necessarily imply more public resources to higher education. When public authorities found it difficult to fund, the household and private sources supported the expansion of higher education. Although the state was the major provider of funds, even during periods of massification of higher education in the industrialized world, this argument may not be welcomed now in the developing countries due to the inability of the state to mobilize funds. But the state, in most of the developing countries, did not stop the continued expansion of higher education. The state, on the other hand, willingly accepted a reduced role in financing and provided policy support for changing the operation of public universities. This change in the attitude of public authorities towards higher education provided the most important opportunity for restructuring the institutions and their operations.

3. Institutional restructuring in higher education

The sequence of events encouraging policy shifts towards higher education in the past decades may be recounted as follows. First, after a period of state-sponsored expansion of higher education till the end of 1970s, the states became unable to continue their support at the same level due to the economic crisis faced by many of them. Second, during the structural adjustment period, the state became unwilling to invest in higher education. This was influenced by the prevailing international opinion that a diversion of resources from higher to primary education is more beneficial (World Bank, 1986). Third, the deregulation policies followed during this period encouraged the permeation of market ideology in the provision of higher education. The decline and virtual disappearance of centrally-planned economic systems further promoted the market ideology in education. Fourth, the process of deregulation and promotion of market ideology facilitated a smooth transfer towards liberalization and privatization policies promoting the globalization process. During this period, privatization of public institutions and promotion of the private sector in higher education are encouraged.

With the expansion of a knowledge economy and integration of a larger number of countries into the process of globalization, the value of universities and higher education was reinvented in many developing countries and many governments are willing to support the expansion of higher education. Further, contrary to common belief, the empirical evidence in many countries showed that the expansion of higher education did not lead to increased

unemployment rates in general, nor have high rates of unemployment among university graduates reduced the social demand for higher education. These two pieces of evidence indicate that higher education has attained a mass character and both the individual and society consider university experience as essential for the future.

At present, the state and households are willing to support the expansion of higher education. The willingness of the household is supported by the capacity to invest, whereas the willingness of the state, at this stage, unlike the earlier period, is not always supported by adequate public funding. Public support is more in terms of policy measures that provided autonomy and operational freedom to institutions of higher education. Such a changed environment provided conducive conditions for the reorganization of universities and their operations. This forms the context for institutional restructuring in higher education.

Most of the recent reforms in university education have focussed on the notion of efficiency in operation, performance evaluation, accountability measures, etc. It is more of a market approach to provision of public services from a perspective of 'managerialism' that is at the core of the changes introduced in many universities. With the massive sweep of liberal reforms that have structured and privatized the state sector, national education systems remain overwhelmingly part of the public sector. State provision of an increasingly 'massified' system of formal education is still the dominant form of the organization of knowledge (Peters, 2003), although most governments have followed policies that indicate a process of incremental and parallel privatization designed to blur the boundaries between the public and the private. In other words, the process of institutional restructuring also implies the application of efficiency parameters and accountability measures practiced in the private and corporate sectors to public institutions.

While it can be argued that improving managerial efficiency is central to institutional restructuring, it is not correct to associate the restructuring process always to cost-saving reform measures. Needless to add, improving efficiency in operation very often leads to reduction in the cost of operation. But it is neither the primary objective nor the sole purpose of institutional restructuring. This is certainly the case in East Asia where the orientation of reorganization of activities in institutions of higher education very often are related to academic improvement - changes in the study programmes and courses offered. Academic activities are at the heart of the operation of universities and institutions of higher education. Many a time the re-organization of courses and programmes need not necessarily lead to reduced expenditure for the operation of universities. The effort in this study is not to assess the amount of resources saved as a result of the institutional restructuring process. Many of the restructuring processes have led to changes in the programmes and courses, changes in staff recruitment procedures, changes in the status of university staff, changes in admission procedures, introduction of fees, changes in financial management, and the establishment of cost centres or companies to coordinate resource mobilization activities. These changes individually and collectively have led to reorganizing the university activities in general. Needless to add, universities have become cost conscious in their operations, and planning at all levels of the organization has become unavoidable. Strategic planning is common in most of the universities and they are useful and necessary instruments in the process of institutional restructuring.

For the purposes of the present study, institutional restructuring is defined as changes in both governance and management of institutions. Governance involves structures and processes of decision-making, whereas management implies the implementation of decisions.

Taking and implementing decisions might entail, therefore, the creation of new structures, specified criteria for allocation of resources to various activities, allotment of tasks to various groups, and evaluation of performance. Structure mainly concerns offices, positions, and formal roles within an organization. Criteria refer to norms that form the basis for the distribution of responsibilities and resources to all lower level units within an organization.

The institutional restructuring process has led to a reorganization of the various spheres of university activities. The present study will focus on changes effected in the areas: i) restructuring of academic programmes; ii) restructuring of recruitment and staff management procedures; iii) restructuring of financial management procedures; iv) restructuring of student evaluation procedures, such as credit system performance evaluation procedures of employees; and v) overall restructuring in the management of universities. The overall transformations taken place in the organization and management of the activities in the university can be designated as “Institutional Restructuring”. The process of change will be examined in its entirety throughout the study of an institution. While the institutional transformation may have survived a crisis, it might have generated, in the process, an evolution of the actual mission and/or an orientation of the university and its activities. The study will also focus on an analysis of the possible effects of the restructuring process by taking into account the opinions of different stakeholders.

The process of institutional restructuring has changed the overall functioning of institutions and has affected differentially various groups in the university segment. It is believed by some experts that the restructuring process has altered the university’s mission, whereas others feel that there was no alternative but to reform the system. Instances of strong resistance, both to these changes and to the restructuring process, are common throughout countries. A continuous process of bargaining and negotiating is significant in the restructuring effort. Certain universities have been more successful than others in their implementation of change. The present research will focus on institutions in which the restructuring initiative has been successfully implemented.

4. The present research study¹

Education played an important role in shaping the pattern of development in East Asian and Southeast Asian countries (World Bank, 1993, 2000; Tilak 2000). Economic progress in the region was led by the export sector that was highly labour-intensive. The skill intensity of the exports (Wood, 1994) was high and both regional and international competition was severe. Solely an educated labour force could maintain a competitive advantage of exports. Therefore, increasing demand for the educated labour force was part of the development process in these countries. Many countries in the region had high literacy and primary enrolment rates to start with; others progressed quickly, which resulted in an overall improvement of the educational level of the population.

Pressure in these countries to expand higher education comes from at least three sources (Varghese, 2001a): the government and enterprises to maintain their competitiveness in the world economy; the households to improve individual competitiveness in the labour market for better jobs and higher wages; and pressure from the educational sector due to the expansion of secondary education. A growing economy increases employment opportunities and enhances wage levels. Many of the economies are export-oriented and the export sector is labour-intensive and the employment elasticity of the product in the sector is positive and high. In order to remain competitive, the export sector must rely on better-qualified personnel. The

demand for better qualified persons leads to expanding employment opportunities of the university educated.

One of the distinguishing features of the economies of the region was a low share of government expenditure to GNP in these countries. This share was maintained at around 20 per cent in many countries (Malaysia has a higher ratio at around 30 per cent). However, the social allocation ratios (the proportion of government expenditure going to social sectors including education and health) were higher. These higher allocations helped achieve higher levels of equality in the provision of basic education. In addition, the expanding secondary education accompanied by high household incomes of the households increased the demand for higher education. Moreover, an increasing share of higher education has made it a non-elite sector contributing to distributive equality (Varghese, 2001a). The countries such as Mongolia and Vietnam had a different history. Being part of centrally planned systems, the state was the dominant, if not the sole player in all areas of activity including education.

However, the economic crisis changed the situation dramatically in many countries of the region. The crisis began in Thailand in July 1997 when the baht lost roughly 15 per cent of its value against the dollar nearly overnight and it spread to Indonesia, Malaysia, Singapore, and later to Korea. The government debt doubled or trebled during the crisis period, interest payments accounted for the major share of the public spending, and unemployment among the people increased. The capacity of the state to invest to revive the economy was limited. The higher education sector suffered considerably during the period of crisis (Varghese, 2001b). In Vietnam and Mongolia, the political changes – transition from a centrally planned to a market economy – necessitated changes in the orientation education and operation of institutions.

The present study: Selection of countries for the study

The present study focuses on changes taken place in five countries of the region, namely: Indonesia, Malaysia, Mongolia, Thailand and Vietnam. These countries are at varying levels of economic and educational development, especially in higher education.

Among these countries, Malaysia and Thailand were affected in varying degrees by the East Asian economic crisis and its impacts were experienced in the field of higher education also. Malaysia could protect itself from the crisis at a faster speed than other countries. More importantly, Malaysia is competing with other countries in the region to emerge as the leader of the knowledge-based production and for creating a knowledge-based economy. Its policy accords a high priority for the expansion of higher education and improving the quality of higher education. Thailand has initiated steps to reform higher education from the 1990s, but the pace seems to be rather slow. However, these two countries were politically stable for a fairly long time and did not experience any political upheavals. Both countries have initiated the reform processes in higher education from the 1990s onwards. In fact, some of its reform measures were halted during the period of economic crises. In other words, as noted earlier, the institutional restructuring process in East Asia is not an offshoot of the East Asian economic crisis.

Indonesia has not only faced an economic crisis in 1999 perhaps more severe than other countries, but also a political crisis after enjoying stability for a long time. The imperative for the reforms in the functioning of the public sector at least partially follows from these crises. Indonesia has a strong presence of the private sector in higher education.

Nearly 95 per cent of institutions of higher education and 62 per cent of its enrolment in higher education are in the private sector. In all other countries selected for the study, the public sector was the dominant sector in education and in higher education, although the situation is changing after reform processes have been initiated and rules and regulations have changed to encourage and promote the private sector in the ownership and operation of higher education institutions.

Mongolia and Vietnam were centrally planned economies till the recent past. Vietnam moved away from the centrally planned structure from the mid-1980s while Mongolia transited to a market economy in the 1990s. The move from a centrally planned system to a market system brought about many changes in the organization and provision of services in all sectors of the economy, including higher education in these countries. Not only were the private sectors encouraged to operate, but also the existing public institutions were reorganized; the course structure and content were thoroughly changed to suit the needs of the market economy. New courses were introduced, new evaluation systems were put into place, staff orientation became necessary, etc.

Table 1 provides some information about the educational development in these countries. A look at *Table 1* will reveal that while primary and secondary education sectors were making progress in the 1970s and 1980s, higher education remained a small sector in most of the countries. However, in the 1990s, the secondary and higher education sectors made faster advances. GERs in higher education increased by almost four times in Malaysia, the country which has made the fastest progress during the 1990s. Interestingly, both the centrally planned economies experienced a decline in GERs during the transition period. However, enrolments improved considerably thereafter.

Table 1. Educational development in the selected countries (GERs)

Country	1970	1980	1990	2000
Indonesia				
Primary	80.0	107.2	115.2	110.0
Secondary	16.1	29.0	44.0	57.0
Higher	2.5	3.8	9.2	15.0
Malaysia				
Primary	88.7	92.6	93.7	98.5
Secondary	34.2	47.7	56.3	70.3
Higher	---	4.1	7.3	28.0
Mongolia				
Primary	110.5	107.3	97.2	98.8
Secondary	83.4	91.6	82.4	70.0
Higher	5.5	21.8	14.0	33.0
Thailand				
Primary	81.4	98.9	99.1	94.8
Secondary	17.4	28.8	30.1	81.9
Higher	3.1	14.7	18.8	35.0
Vietnam				
Primary	88.3	104.4	107.8	104.0
Secondary	-	42.0	32.0	67.1
Higher	-	2.1	1.9	10.0

Source: UIS (2004)

This expansion of higher education is also partly due to the expansion at the secondary levels of education. Countries such as Malaysia, which is focussing on knowledge-based production and relying on export earnings, have shown a faster growth of higher education. However, it needs to be noted that one of the reasons for increasing enrolments in higher education institutions in Malaysia, especially in 1999 and 2000, was due to the return of the students studying abroad during the period of economic crisis (Varghese, 2001b), which also helped the private sector to grow during this period (Lee, 1999). More importantly, the progress made by Malaysia is also due to the fact that it invests nearly one-fourth of its public expenditure in education and an equal share of the total education budget is spent in the higher education sector.

Universities have considerably modified the organization of their activities. Many institutions enjoy enhanced autonomy in the spheres of finance, programmes and staff. With reduced dependence on the government, universities have become self-governing institutions with their own rules and regulations. They are now responsible for their actions and more accountable to stakeholders, which has changed both their overall structure and functioning. The present study is an attempt to analyze these changes.

The present study: Objectives

The major objective of the study is to scrutinize the restructuring processes and their effects, both from a macro and an institutional point of view. More specifically, the study will have the following aims:

- i) to understand the external influences for institutional restructuring;
- ii) to identify major areas of institutional restructuring;
- iii) to analyze the process of implementation of institutional restructuring;
- iv) to analyze the effect of restructuring on both the mission and functioning of universities.

The present study: Methodology

The study will be based essentially on the empirical evidence collected from the national level documents and a closer scrutiny of institutional changes of one institution. The study was carried out by a team of researchers from the same university. While this method may lead to a positive bias, it was felt that an insider and also a senior person of the institute will know and closely following what happens in the process of institutional restructuring. One has to trade off between the richness of information provided by an insider, even when there is an element of bias, against difficulties of getting most of the information to an outsider, even when it is accepted that an outsider's view may be more objective than that of an insider. We have opted for the former strategy of implementing the study.

This was adopted also due to the fact that one of the outcomes of the study is in terms of developing research capacities in the area of higher education. Teams were created in each of the institutions. Team leaders were invited to research methodology workshops held under this project where the objectives of the study, the methodology of the study, and instruments for information collection were discussed, developed and finalized. While IIEP provided the initial academic inputs for the research methodology workshops and study, RIHED provided support to the organization of the study in the region.

The studies have analyzed the policy context of initiating changes in universities from a macro perspective, as well as examining both the nature and implementation from a micro/institutional perspective. While the first part of the study was based on an analysis of policy shifts and on interviews with certain initiators that were at the origin of the changes, the second part will concern an in-depth study of institutions having experienced institutional restructuring in the recent past.

The selection of countries and institutions for the case studies is based on the following considerations:

- i) preliminary analysis of reform measures introduced in the country;
- ii) identification of a public university where the restructuring process has been initiated.

The universities, as well as research leaders were identified before we organized the first workshop in Bangkok. Based initially on the IIEP proposal, each team identified the areas in which restructuring measures have been adopted in their university. Each case study focussed both on the procedure of introducing the restructuring process and on its effects. It will rely on various aspects of restructuring based on information collected from various documents, on interviews with those both authorized and responsible for initiating reforms, and with both staff and students to obtain their perceptions on the expected effects of the reforms.

The research study is empirical in nature and attempts to analyze not only the efforts made by university authorities to effect the restructuring process, but also various perceptions regarding its impact on both students and teachers, and on the system in general. It implies collecting information from the university teaching staff, students, and administrators. The focus of the study is on the implementation of the restructuring process, the difficulties encountered, and the effects of the restructuring process on university management. The study is based on the close scrutiny of documents pertaining to the restructuring, interviews with both decision-makers and university authorities, and information collected from different segments of the university such as academic and administrative staff, and students.

Interviews are held with:

- i) Presidents/Vice-Chancellors/Rectors of universities;
- ii) Registrars/Administrative Heads;
- iii) Bursars/Financial Managers.

Questionnaire-based data/information are collected from:

- iv) Deans of all faculties;
- v) Heads of selected departments;
- vi) Academic staff from selected departments;
- vii) Students from selected departments;
- viii) Administrative staff;
- ix) Support staff.

The present study: Selection of universities for the study

The deliberations at the meeting in Bangkok revealed that the restructuring process had been emphasized in different areas in the various universities. It was thus put forth that although all case studies will follow the framework that was developed by the IIEP and discussed at the methodological meeting, the different case studies should reflect the specific areas in the particular university that were affected by the restructuring process. The research schema identified for detailed examination in the case studies is the following:

The major reform initiated in Indonesia is making universities as legal entities, and the reform process was initiated towards the end of the 1990s. Some of the universities are well advanced in terms of implementation of the reforms. The Gadjah Mada University is one of the four universities to become autonomous under the new reform measures. The GMU is one of the prominent universities which is implementing these reform measures. It is one of the largest public universities in Indonesia with an enrolment of around 50,000/, with 62 departments and staff strength of 4,600.

Three measures which are key to the restructuring processes in the university are: a) move toward making the university a legal entity (corporatization); b) restructuring of academic programmes; and c) financial management which includes the changing fee structure, commercial and non-commercial ventures. The university has been introducing reform measures that totally alter its functioning, management, and financial arrangements.

The university reform process began in Malaysia in the late 1990s. One of the major reforms initiated in Malaysia was the corporatization of universities. The corporatized status allowed universities to form business entities. The universities can venture into income generating activities, especially to meet the recurring expenditure. More importantly, this implied a total alteration in the functioning of universities. Universities obtained more autonomy, they reorganized courses, reorganized departments, and reallocated staff, etc. The Kebangsaan University Malaysia is one of the universities that implemented many of the reforms. In fact the university started, in response to this effort, the UKM Holdings Sdn. Bhd. under the Companies Act and reorganized the faculties. UKM has an enrolment of more than 22,000/ and academic staff strength of 1,700/ in 12 different faculties of the university. Important areas for the restructuring processes are: a) corporatization or formation of companies and commercial ventures initiated by the university; b) academic auditing introduced in the university; and c) financial management, especially in the context of university autonomy and decentralization of powers to various faculties and departments.

In Mongolia, during the operation of the centrally planned economic system, the authorities of universities have been centralized at the top level. All decision making with regards to teaching resources, students' issues, and all social security matters of employees are considered at the top level of an organization. This model was a source of hierarchical bureaucracy and thus the enthusiasm and motivation of the lower levels of an organization has been declined with constraints for new ideas or new creativeness while the middle level was acting as messenger. The government withdrew financial support to universities and they were given freedom to reorganize their activities, levy fees from students, and mobilize resources from other sources. Many of the university activities were reorganized and introduced a credit system, which has influenced the teaching-learning process in the university and the reorganization of curriculum and teaching and student evaluation methods in Mongolia.

The Mongolian University of Science and Technology (MUST) introduced many of these reform measures. The university has a student enrolment of around 18,500, with 17 faculties and approximately 1,000/ academic staff members. The academic structure comprises 17 schools with 128 chairs and over 40 research institutes and centres. It has brought within its reach the resources of several well-established research institutions in the country by giving recognition to them. In this circumstance, the university activities, including research activities, have been restructured and reorganized. The reform process dates from the early 1990s when the university got institutional autonomy. The introduction of credit-based curriculum was a significant step leading to the restructuring of the university activities.

It was felt in Thailand in the early 1990s that the university functioning is constrained by bureaucratic procedures, and it was envisaged that the universities must become autonomous and freed from the bureaucratic controls especially in the areas of academic, personnel, and financial issues. The long range plan (1990 – 2004), envisaged that most of the public universities will become autonomous by the end of the plan period, students should cover all operating expenses through student fees, and this will be done in conjunction with student loan schemes. The five newly established universities from 1990 were established as autonomous universities. But none of the existing public universities opted for the autonomous status. King Mongkut's University of Technology Thonburi, Thailand (KMUTT) is the first public university which made the transition from a public to an autonomous university and chose to have a dual track employment system. The university has an enrollment of approximately 10,000/ students and employs around 1,300/ academic staff (many of whom are temporary). A study of this university will highlight the changes introduced in the functioning of a university when it is autonomous and its effects on management, and the dual system of staff recruitment and deployment – transition from civil service status to the university system.

In Vietnam, there was a political change and a policy of moving away from centralized planning to a more market-based economy from 1986 onwards. Pursuant to this policy, Vietnam entered a new phase of development by transferring a highly centralized and totally subsidized economy into a free market one with state orientation. Another aspect of renovation was to bring together the institutions of higher education under one umbrella. The higher education provision was fragmented through various institutions. The renovation plan amalgamated the universities and institutes in Hue City into Hue University. The university enrolls more than 50,000/ students and employs around 1,200/ academic staff. The amalgamation has many implications in terms of autonomous status, financial management of the university, and rationalization of academic and administrative staff in the university.

5. Trends in institutional restructuring in selected universities

The studies on institutional restructuring in the selected countries indicate interesting trends. As mentioned earlier, the major reform initiated in Indonesia is that universities have become legal entities. Under the new legal status, the university has a new governance structure which includes a Board of Trustees, Academic Senate, Board of Auditor and Professor Council. Under the new system, the university Rector and Vice-Rectors are not appointed by the ministry. They are nominated by the Academic Senate and appointed by the Board of Trustees. The university does not report to the Minister of National Education.

As a legal entity, the university is permitted to run commercial ventures to mobilize resources and re-organize courses and programmes of study and regulate enrolments. The procedure is that a Memorandum of Understanding will be signed with the Ministry of Education for an agreed number of intakes. However, the universities are permitted to enrol a larger number of students than agreed upon by the ministry whose cost will not be covered by the government. The universities can also invest in profitable ventures. Under the new legal status, the university has a new governance structure under its own Board of Trustees.

The functioning of the university of GMU after the transition shows that the university activities are decentralized and shared among university faculties and institutions. Most of the university community welcomed the changes, and hence the introduction of a restructuring process did not face strong resistance. The academic community in general is happy with the changes, although they too feel that the benefits are yet to become visible. The administrative staff has yet to realize any positive effects from the restructuring process and they are not happy with the changes introduced in the university. The students too are not happy with the increase in tuition fees. On the whole, the process of introducing reforms indicates that they were subjected to less resistance than expected.

Universities in Malaysia were corporatized with effect from 1998. The corporatized status allowed universities to be autonomous to form business entities. In response to this, the UKM Holdings Sdn. Bhd. under the Companies Act was established. The university can venture into income generating activities. The management structure of the university was re-organized. The university council was replaced by the Board of Directors; the Vice-Chancellor became the Chief Executive Officer, etc.

One of the major restructuring measures initiated at UKM was the restructuring of faculties. For example in Sciences, four faculties were amalgamated into one Faculty of Science and Technology in 1999, followed by the formation of the new Faculty of Social Sciences and Humanities, and later the Faculty of Economics and Management were also merged. The agenda of restructuring is the creation of an undergraduate academic structure that reflects the consolidation of knowledge, introduction of multi-disciplinary programmes, and specialization in areas which are relevant and market-friendly courses. It was expected that this restructuring would lead to more optimal use of resources.

The process of implementation of the restructuring process was clearly thought out well in advance. In 1996, the University Council proposed a review of the academic faculties. There was a working paper by the Vice-Chancellor. After discussions, it was agreed to constitute a Restructuring Committee to examine and make recommendations for a subsequent university retreat. This committee constituted sub-committees to make recommendations and suggestions regarding restructuring. These suggestions were discussed during the university retreat.

There was resistance to changes. But the changes were introduced step by step, and slowly – the restructuring process was started in one area, and after its completion, it moved to another area. Again, the staff got enough time to respond and the feedback system was good. For example, the restructuring process in Social Sciences took around three years. The Vice-Chancellors announcement that no one will be made redundant gave confidence to people to accept the reforms.

Most of those who were interviewed agree that the restructuring helped to strengthen academic dimensions. But they are not so certain about the cost savings made due to restructuring. IT is commonly agreed that the new structure and procedures have increased academic research and publications.

The academic structure comprises 17 schools with 128 chairs and over 40 research institutes and centres. It has brought within its reach the resources of several well-established research institutions in the country by giving recognition to them. The university staffs consist of the President, three Vice Presidents, professors, associate professors, lecturers, research associates, and administrative and technical staff. The university has a Governing Board, Academic Council, and President's Council.

In Mongolia, the academic structure of the university of MUST changed the student evaluation procedures and they introduced the credit system. The implementation of a credit system has also necessitated the preparation of handbooks and guidelines for students' self-study in advance. The change resulted in the emergence of a totally new range of operational activities as records of faculty members and students, attendance and examination scores, payments to academic staff upon performance, etc. The university had to develop a reliable Management Information System.

The management of MUST views that the implementation of a Credit-based System is not only the "collection" of credits included in training curriculum by academic staff and students, but recognizes that efficient forecasting and estimation of creativeness and innovations in the market will generate more success. Therefore, the periodic development of a Credit-based System shall be not emphasized on the smattering but shall be persistent in the motivation of academic staff and students in terms of financial planning.

The university has a Governing Board, Academic Council, and President's Council. The President is the executive person responsible for the university and convenes and chairs the President's and Academic Councils. Academic leadership and overall institutional planning are the President's responsibility. The President is nominated from the Governing Board and appointed by the Minister of Education, Culture and Science. The Vice Presidents are responsible for the implementation of the university's missions and strategy. There are three Vice Presidents at the university.

The supreme authority of the university is the Governing Board. The Governing Board is responsible for deciding upon the organizational structure of the university, approval of annual budget allocation and investment priorities, determination of students' tuition fee rates and dormitory service payment.

The Academic Council defines policies and guidelines regarding the quality of scientific research, higher education training, the implementation of new technology, and enhancement of services. The Academic Council of the university is composed of leading scholars and professors of the university nominated by the President's Council.

The management and control of the university and all its property, revenue, business, and affairs on a consensus basis are vested on the President's Council. It elaborates action plans and assesses annual plans of affiliated schools of the university and the control and supervision on the implementation of action plans.

It was felt in Thailand that the university functioning is constrained by bureaucratic procedures and administration. For a better development of universities, it was envisaged that the universities must be autonomous and freed from the bureaucratic controls and they should have autonomy in matters pertaining to academic, personnel and financial issues. The long range plan (1990 – 2004), envisaged that most of the public universities will become autonomous by the end of the plan period, students should cover all operating expenses through student fees, and this will be done in conjunction with student loan schemes. The five newly established universities from 1990 were established as autonomous universities. But none of the existing public universities opted for the autonomous status. KMUTT is the first public university which made the transition from a public to an autonomous university and chose to have a dual track employment system. The new act gives KMUTT total control over its budget, allows it to own and manage property, grants authority to set up new faculties and departments, and to introduce new academic programmes.

The university has a University Council, Academic Council, and a Personal Administration Finance and Assets Management Committee. The staff members were given an option by which they can continue as civil servants or as university employees. A large share of employees (57 per cent) opted for university employee status, while the remaining still continue to be part of the civil service.

The introduction of reforms was subjected to resistance primarily due to the uncertainty surrounding the options to be exercised by the employees. In terms of security of employment and long-term pension benefits, people would rather like to continue with the present system of being part of the civil service. Since this is the first university to have opted for autonomy, the lessons learned from its experience will have wider implications.

From 1986 onwards, there was a policy of moving away from centralized planning to a more market-based economy in Vietnam. Pursuant to this policy, Vietnam entered a new phase of development by transferring a highly centralized and totally subsidized economy into a market-oriented one. Another aspect of renovation was to bring together the institutions of higher education under one umbrella. The higher education provision was fragmented through various institutions. As per the renovation plan, Hue University was formed by integrating all universities in Hue.

The administration of Hue University is organized at two levels – at the university level and at the level of affiliated universities. The administrative arrangement at the Hue University level is responsible for developing policies and strategies, staff recruitment and staff management, budget allocations, design and introduction of new courses, etc. In other words, the administration at the Hue University level takes all crucial decisions regarding managing the university.

At the level of affiliated universities, each university is responsible for implementing programmes proposed by Hue University, specializing those proposals in the way that is appropriate to it. In addition, each university can make proposals that are appropriate to it, waiting for approval from Hue University. The affiliated universities are more of implementing units than decision-making units.

6. Some features of introducing institutional restructuring

The following paragraphs attempt to draw some conclusions which are common across the studies of different universities in the selected countries.

a) The pressure for institutional restructuring came from reforms initiated by national governments

The institutional reform measures initiated by all the universities under study clearly indicate that the impetus for reforms came from the national governments. In fact, the institutions were responding to the steps initiated by the governments. In Thailand, for example, the issue of university autonomy was in discussion for the past one decade. But no public university was willing to move in that direction. In Indonesia too, the government initiated steps to make universities legal entities. The Gadjah Mada University is one of the four universities to implement the reforms. Reforms in higher education were in the agenda from the mid-1990s in Malaysia with the intention of improving the competitiveness of the economy and competition among universities to improve their operational efficiency. In Mongolia and Vietnam, the shift in politics from a centrally planned to a market economy provided the external environment for all changes in the higher education scene. Some of these efforts were supported by external funding agencies.

The pressure to restructure did not come from within the institutions that underwent the restructuring process. The institutions were responding to the reform measures initiated at the national level. The major contribution of the universities is in terms of concretizing the reform measures in their institutional context and carry forward the difficult task of implementing reforms.

b) What influenced the national governments to initiate changes?

There is a general belief that restructuring of universities/institutions of higher education were initiated due to the lack of funding support from the public sources and were intended to mobilize financial resources for universities. An analysis of reforms in the universities studied shows that this is not true, at least in the East Asian context, although it is a fact that all reforms intended for universities to mobilize a part of their revenue. But that was not the sole purpose of reforms. The study of Malaysia notes that one of the important factors influencing reforms at the national level came from the pressure to cope with the advances in information and technology, the need for more accountable public administration, and the concern for providing quality education in relevant areas of study. This is true for other countries in the region too. The financial freedom granted to universities during the initial stages of reform implementation was rather limited in Malaysia. They still depend on public funding for most of their activities.

In Indonesia and Thailand too, the universities continue to rely on public funding for their core activities, although the restructuring process helps to initiate steps to mobilize funding. However, this was not the immediate concern, which was to improve national competitiveness by providing quality higher education. Even the reforms in funding initially aimed at introducing incentive-based funding in Indonesia rather than a withdrawal of funding by the public authorities. The incentive funding started with a project called DUE (Development of Undergraduate Education) funded by the World Bank.

In Mongolia and Vietnam, changes in the education sector were part of the political changes taken place. In all these cases too, the primary concern was to change curriculum and course contents of higher education to make it relevant to meet the requirements of a transition economy – transition from a centrally-planned to market economy. Mobilization of additional resources was not the overriding consideration of the major force behind changes introduced in higher education in these countries, although the reforms included a possibility of additional funding.

One general trend in all cases, except Thailand, was that interactions with outside institutions increased considerably in the recent past. For example, an Indonesian report indicates that collaborations between national and international institutions, agencies and universities have been mushrooming as a result of globalization. Malaysia, too, as was mentioned earlier, was competing to merge as one of the fastest growing economies with a strong emphasis on technological development. The developments both in Mongolia and Vietnam not only are influenced by the international agencies but also at times supported by funding agencies.

c) All reforms indicated a move away from government controls but maintaining the public university status of institutions

It is interesting to note that although the reform efforts came from the government, it focussed on a move away from its control. There is a general belief that too much of bureaucratic control is not good for the universities and their growth. The academics always looked for academic freedom and university autonomy. The government, while funding the universities, wanted to control and regulate university operations. Needless to add, in many countries, too much control was opposed by the academic community. Therefore, what is worked out is a reform process which is within the public sector but with a permitted autonomy for institutions to operate independently. It seems that the experience of the economic crisis of East Asia further reinforced the need to continue within the public sector.

However, this move is not to absolve from the responsibility of providing funding support. The government in all these countries continues to support the universities. But the change, perhaps, is that this support cannot be taken for granted. Countries have developed objective criteria for resource transfer from the state to the universities. Their performance is monitored and outcomes are evaluated. These are more in the form of contractual arrangements and conditionality that are to be honoured.

The institutions are also not too enthusiastic to move totally out of the public realm. The uncertainties are perhaps high when one moves from public to private operations. The public sector at least guarantees job security for employees and minimum funding for the survival of the institutions. The institutions too want the benefits of the government support that they were enjoying. It may not be unrealistic to argue that the experience during the East Asian economic crisis, clearly indicating the need for public support and protection, might have reinforced the need for public support.

It is interesting to note that even when people criticize the public intervention, no one prefers a situation of total absence of state intervention and support. In fact, these reforms and the institutional restructuring process have redefined the relationship between the public authorities and the university functioning. The nature of the relationship between the state and universities and the areas of their operation are more clearly defined now than ever

before. In other words, the institutional restructuring process has redefined the relationships between the state and universities to maintain the image of a university as a public institution and to retain the benefits associated with being a public institution.

d) Universities became autonomous entities

The singular feature of all these reform measures at the national level was granting more autonomy to the universities. In all countries, as the case studies indicate, the universities gained more freedom and autonomy. However, the question is autonomy from whom and for what?

The influence of government on day-to-day management of the universities declined after the move towards autonomy. For example, in Indonesia, the universities were expected to report to the government department. This provision has been changed in the recent reforms. In Malaysia, although a large share of the funding still continues to come from the public authorities, the ministry does not directly supervise university activities. In Thailand, the move to autonomy was in the policy for a long time but no university was willing to move to that side. As the case study on KMUTT indicates, it is the first university to move in that direction. This involves even a change in the status of the staff from civil service to university staff. The change in the status also affects the recruitment procedures and the conditions of employment. In the case of Mongolia and Vietnam, the change is more substantial since the universities were more under the direct supervision of the government, departments, or Ministries of Education. Today, most of the decisions pertaining to the universities are taken within the bodies constituted by the university. The universities have their own management structure and enjoy a high degree of autonomy, and this is a significant feature of changes taking place in this part of the world.

Universities used to enjoy autonomy earlier too. However, this autonomy used to be either on paper or confined to academic matters. As of now, autonomy is more and more exercised in matters pertaining to the introduction of courses, recruitment of staff, deciding on the admissions, and in financial matters even when a large share of funding still comes from the government. The major change that is observed is in terms of granting authority to take its own decisions.

e) Academic restructuring is core to institutional restructuring

Curriculum changes and reorganization of the courses are core to many of the reform measures. The undergraduate courses were reviewed and reorganized in Indonesia; the faculties and courses were reorganized and merged in Malaysia. Traditional departments were abolished and new schools and centres of study were established in the university of UKM, Malaysia. The faculties were amalgamated. For example, four science faculties were amalgamated to form the Faculty of Science and Technology; at a later stage, the Faculty of Language Studies, Faculty of Development Studies, and Faculty of Social Sciences were amalgamated; and more recently, the restructuring process involved the amalgamation of the Faculty of Economics and Business Management.

In Vietnam and Mongolia, the course contents were changed to reflect the move towards a market-oriented economy and also requirements of a new economy. There were five colleges and research institutions that were amalgamated to form Hue University in

Vietnam. The reorganization of these faculties helped create standardized units for academic and management purposes. The courses were reorganized and faculties were merged to form more viable units, to avoid overlapping between subject areas. At present, Hue University consists of six schools and five centres. The change in curriculum in the universities is a major change since traditionally universities are slow to adapt to changes.

The courses were reorganized and some of the departments were enlarged to develop them into two schools in Mongolia. For example, in 1995, the School of Mechanical Engineering and Technology was split into two separate schools, while in 1996, the School of Geology and Mining Engineering has been divided into the School of Geology and the School of Mining Engineering. Further, the university founded new schools and introduced new courses. In 2000, on the foundation of the School of Engineering Education, there were built three schools, namely the School of Mathematics, the School of Chemical Technology, and the School of Humanities. Similarly, the research activities have been restructured and reorganized in the order of a university-research institute-research centre and this standard has been enforced steadily throughout the university research and development activities. Consequently, the Mining Institute, the Institute of Thermal Technology and Ecology, and the Textile Research Institute were founded under the Mongolian University of Science and Technology.

In addition to these reorganizations, the university also established off-campus education. The Mongolian University of Science and Technology has established its branches in the countryside, and in consequence, in 1997 there emerged two schools in Uvurkhangai Aimag and Erdenet city, and in the following year there opened another school in Sukhbaatar City.

It can be seen in all these efforts that financial resource mobilization was not the major concern of institutional restructuring in East Asian countries. The crucial university functions such as the programmes of study and courses were reorganized making them more relevant to the changing circumstances and improving the quality in the provision of services.

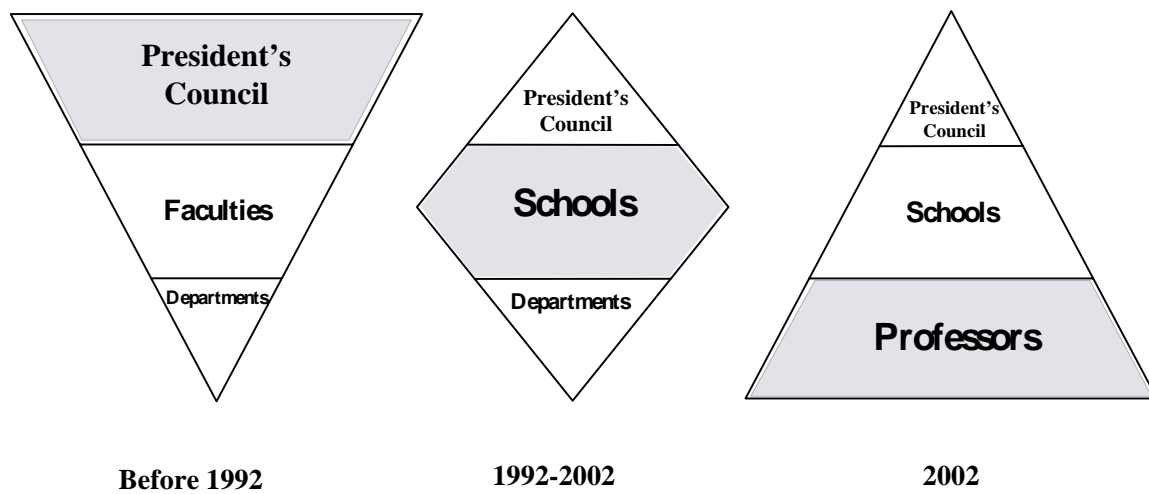
g) Created new structures of management within the university

The most important feature of the institutional restructuring process is that all the universities have created structures within the university to provide better institutional management. In Indonesia, a new structure of the Board of Trustees has been created and they are responsible for all the decisions taken for and on behalf of the university. There are other bodies created which too are internal. Although these bodies have representatives from the Ministry of Education and/or Ministry of Finance, these bodies enjoy the freedom to decide on all crucial aspects related to the functioning of the university.

In Thailand there is a reconstituted University Council and it is responsible for the overall management of the university. There are many other committees and bodies functioning under the supervision of the university council. In Malaysia, in line with the corporatization process, the University Council was replaced by the University Board of Directors. The Vice-Chancellor became Chief Executive Head of the institution. Many other internal management structures were created.

In Mongolia, the earlier structure of management of the university had an inverted triangular structure. The President's Council was large in size and in authority (as shown

below). Over the years, faculties were replaced by schools, and departments by professors. The academic community has increased their representation in decision-making bodies.



Source: Badarch et.al. 2004 (Report prepared for the project on Institutional Restructuring in Higher Education in Asia).

i) Decentralisation of decision making within the universities has increased

In the process of institutional restructuring, the internal democratic functioning of the institutions of higher education has increased considerably. Previous to these reforms, mostly the senior management used to know about the management and administration of the university affairs. However, this has changed a lot in the recent past. Departments and schools have become much stronger in the articulation of their requirements. However, in the context of Vietnam, there is more of centralization at the university level in terms of decision-making. And the lower level units are not always associated with crucial decision-making processes. As mentioned in the earlier paragraphs, they are more of implementing agencies.

j) Implementation needs a strong leader at the institutional level

The study of universities included in the project indicates that institutional restructuring was facilitated by strong leaders who were leading the institution when they were introduced. The leader in this case gave confidence to the stakeholders that their relative position will not be worsened due to the reforms. Mongolia had a university leader with wide exposure and international experience when the reforms were implemented. Thailand and Indonesia, too, indicate the presence of strong institutional heads that led the institutional restructuring process. In Thailand, the teachers have to take a decision regarding a shift in the status of their employment from civil service to university service. Job security is assured in the public sector jobs whereas markets are not very friendly to job security.

k) The resistance to change

Implementation of change in higher education institutions is more difficult primarily due to the strong sense of resistance to change by these institutions. The dispersed decision-making structures make it more difficult to implement reforms. The Malaysian experience

shows that the resistance to reforms can be overcome if consultations and discussions take place among stakeholders, and they too get a chance to reflect and respond. This may lead to delays in implementation, and such delays are necessary to reduce the social cost of implementing reforms.

Rushing through reforms is not the best way to introduce reforms, even if the process can be faster. It may be seen as an imposition against the will of the academic community. In all instances, it is important to keep the interest of the stakeholders in mind. Reforms are opposed when a part of the academic community feel that they are losers in the process. For example, the reorganization of departments and schools may lead to some people losing their positions. Any successful reform is a negotiation between what is desirable and what is feasible.

The implementation of reforms introduces an element of risk at the institutional level—some people gain as a result of reforms while others may be losers. People are not ready to accept internal and institutional changes until they are assured that their relative position in the hierarchy will be at last retained, if not improved. The study of Malaysia shows that the resistance could be reduced and overcome when the Vice-Chancellor declared that no one would become redundant as a result of reforms.

Many reforms in the world are resolutely resisted by university staff and students. I have argued elsewhere (Varghese, 2004 b) that incentives are a better means than mandates to overcome resistance to change. In many cases, the resistance to change is reduced when the academic community sees positive incentives for them individually and for the institution as a whole. These incentives need not be in the form of financial rewards or returns. In other words, resistance is least when no one loses in the change process. The challenge lies in devising institutional reforms where losers can be reduced to the minimum and staff and students can be convinced of a better future for the institution in the long run.

7. Concluding remarks

The above discussions show that these transformations in higher education mark an important phase in its development. These changes have no doubt transformed both the universities in general, and their functioning in particular. New positions have been introduced in the hierarchy, new operating rules have been formulated, and structures for decision-making and reform implementation have been created. Academic and administrative delivery systems have been improved. In general, the institutional restructuring process has resulted in better functioning institutions more focussed on realizing their mission of providing relevant courses of good quality.

The institutional restructuring processes have reduced the political control on the universities and have improved institutional capacity to respond quickly to societal needs and market signals. The reputation of universities of being loosely attached organizations with weak regulations and control is now being replaced by the notion that they can be tightly coupled, with effective monitoring systems even when the mission is maintained. Such changes in behaviour of institutions cannot be achieved through mandates. The academic community should be convinced of the changes and this conviction can be generated and reinforced through consultations. In other words, there is no alternative to consultations and discussions, if restructuring is to be introduced in institutions of higher education.

Discussions necessitate a vision statement and elaboration of an operational plan to realize the visions. Strategic planning becomes an essential tool to guide discussions and to evolve consensus on matters of crucial importance to the institution. These plans need to evolve with the agreement of the stakeholders. The institutions we have studied had developed documents about the restructuring processes, their contents and steps for implementation. The staff members, even those who continued in the institutions for a fairly long period of time, are more clear now than before about the institutional mission and their role in realizing the mission. Strategic planning is becoming an effective tool to make a bridge between what is desirable and what is possible within the institutional context.

In the process of introducing institutional restructuring, not only the mission is clear, but also the overall functioning of the institution has become more transparent. The time allocations to various activities, the work allocation to individuals, and budget allocations to departments are based on objective criteria which can be verified and evaluated. This transparency in operation is a great achievement and a good way of implementing reforms in the years to come. Normally, it is believed that reforms in older institutions are very difficult. But the experience presented here clearly indicates that reforms, if initiated with preparation, can be successfully implemented even in old universities and institutions.

Institutional restructuring and transformation could be brought about either by relying on mandates or on incentives. Mandates demand compliance and a punishment for failure to comply. Incentives motivate individuals to change collectively, which leads to institutional changes. In general, mandates are more easily complied with when institutions are struggling to survive, whereas incentives and rewards are preferable when institutions are to be revived and revitalized. The professoriate wields considerable influence in all universities and they are intellectual leaders of their own domains of operation. Mandates are the least preferred means to win the support of the professoriate, and therefore, it is difficult to introduce changes through mandates in universities. The East Asian experience shows that the success of the institutional restructuring process in these universities lies in their reliance on incentives to motivate individuals to change rather than on mandates to comply.

Notes:

I would like to thank all of the authors for completing the case studies which formed the basis for this paper. I would like to acknowledge the support and assistance we received from RIHED in the implementation of this project. I would like to thank Florence Appere for her secretarial assistance when the project was launched, and Christine Edwards for her continuous and consistent efforts to follow-up the case studies and Fonthong Puangsawat for her help in organizing the preparatory meetings and secretarial support.

¹ The remaining part of the paper (Section 4 onwards) is based on the following studies carried out under the IIEP project study on IRHE Asia:

See for details:

- i) Chien, Huynh Dinh and Tho, Nguyen Vien (2004)
- ii) Narantsetseg, Yadmaa and Boldbaatar, Lida (2004)
- iii) Susanto, Sahid and Nizam, M. (2004)
- iv) Suwantragul, Banterng (2004)
- v) Yahaya, Mohammad and Abdullah, Imran Ho (2004)

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