

THE GOVERNANCE AND MANAGEMENT OF UNIVERSITIES IN ASIA
Edited by Chang Da Wan, Molly N.N. Lee, and Hoe Yeong Loke

Routledge Critical Studies in Asian Education

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GLOBAL INFLUENCES AND LOCAL RESPONSES

Edited by
Chang Da Wan, Molly N.N. Lee, and
Hoe Yeong Loke



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ISBN 978-1-138-37080-7



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 **Routledge**
Taylor & Francis Group
LONDON AND NEW YORK



First published 2019
by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

and by Routledge
52 Vanderbilt Avenue, New York, NY 10017

Routledge is an imprint of the Taylor & Francis Group, an informa business

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British Library Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloging-in-Publication Data

Names: Wan, Chang Da, 1982– editor. | Lee, Molly N.N., editor. | Loke, Hoe Yeong, editor.

Title: The governance and management of universities in Asia : global influences and local responses / edited by Chang Da Wan, Molly N.N. Lee, Hoe Yeong Loke.

Description: Abingdon, Oxon ; New York, NY : Routledge, 2019. | Series: Routledge critical studies in Asian education | Includes bibliographical references and index.

Identifiers: LCCN 2018058025 | ISBN 9781138370807 (hardback) | ISBN 9780429427831 (e-book)

Subjects: LCSH: Universities and colleges—Asia—Administration. | Education, Higher—Asia.

Classification: LCC LB2341.8.A78 G69 2019 | DDC 378.0095—dc23

LC record available at <https://lccn.loc.gov/2018058025>

ISBN: 978-1-138-37080-7 (hbk)

ISBN: 978-0-429-42783-1 (ebk)

Typeset in Galliard
by Apex CoVantage, LLC

Contents

<i>List of contributors</i>	ix
1 Introduction	1
MOLLY N.N. LEE, CHANG DA WAN, AND HOE YEONG LOKE	
2 Governance in “public administrative institution” universities: towards public autonomous universities in Cambodia?	5
SAY SOK, LEANG UN, AND RINNA BUNRY	
3 World-class university construction and higher education governance reform in China: a policy trajectory	21
YANNAN CAO AND RUI YANG	
4 Institutional autonomy and governance of higher education institutions in India	43
N.V. VARGHESE AND GARIMA MALIK	
5 Autonomous higher education institutions in Indonesia: challenges and potentials	56
PAULINA PANNEN, AMAN WIRAKARTAKUSUMAH, AND HADI SUBHAN	
6 National university reforms introduced by the Japanese government: university autonomy under fire?	81
AKIYOSHI YONEZAWA	
7 Governance and management of public universities in Malaysia: a tale of two universities	94
CHANG DA WAN, MORSHIDI SIRAT, AND BENEDICT WEERASENA	

8	University governance and management in Singapore: the case of the Singapore Institute of Management University (UNISIM)	112
	JASON TAN	
9	Governance and management under transformation in Korean higher education: perception gaps between senior managers and academics	119
	JUNG CHEOL SHIN AND YANGSON KIM	
10	Governance and management of universities in Thailand	137
	RATTANA LAO	
11	Conclusion: reforms of university governance and management in Asia	156
	MOLLY N.N. LEE, CHANG DA WAN, AND HOE YEONG LOKE	
	<i>Index</i>	163

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5 Autonomous higher education institutions in Indonesia

Challenges and potentials

Paulina Pannen, Aman Wirakartakusumah, and Hadi Subhan

Introduction

Higher education in Indonesia is currently experiencing a huge transformation. In the past, there were discourses about higher education institutions (HEIs) being teaching-focused versus research-focused. However, the challenge has been elevated into the role of HEIs as agents of knowledge, culture, and technology transfer as well as for economic development. The present Government of Indonesia expects higher education to contribute significantly to the nation's competitiveness. As such, the success of HEIs is measured on the basis of two major performance indicators: skilled labour and innovation (see Kementerian Riset, Teknologi dan Pendidikan Tinggi, 2015).

With the spirit of deregulation to give HEIs more room to innovate in creative ways – especially in organisational, financial, and also academic management, by considering HEIs' individual uniqueness and context – the Government of Indonesia has provided some public universities with autonomy. Globally, the concept of an autonomous HEI has been outlined in the *Magna Charta Universitatum* – “The university is an autonomous institution at the heart of societies.” The concept was introduced in Indonesia in the late 1990s (Direktorat Jenderal pendidikan Tinggi Kementerian Pendidikan dan Kebudayaan, 2012). On the basis of the Government Law No. 61/1999, there were four HEIs stipulated to be autonomous, namely, Universitas Indonesia, Universitas Gadjah Mada, Institut Teknologi Bandung, Institut Pertanian Bogor, Universitas Sumatera Utara, and Universitas Pendidikan Indonesia. The autonomous status granted by the government was aimed at empowering HEIs with flexibility in managing their respective institutions on the basis of their strength, vision, and goals as they respond to external challenges, and as they develop their reputation and credibility.

With autonomy, each HEI will have the flexibility in making decisions, managing its assets, carrying out its own business model, collaborating with other parties, innovating, and introducing initiatives to develop the institution's uniqueness and strength within its particular context. As such, each HEI can manage its inputs as well as outputs to become more productive. Nevertheless, autonomous HEIs are still required to base their activities on the government's regulations and law which apply specifically for autonomous HEIs. Where specific regulation

for autonomous HEIs is still lacking, autonomous HEIs are then required to comply with the existing generic regulations for higher education in Indonesia. Furthermore, autonomous HEIs are expected to file an end-of-year report to the Ministry of Research, Technology and Higher Education (MORTHE) on their performance based on the performance contract (Menristekdikti, 2014).

The autonomous status of HEIs in Indonesia has been regarded to be the most conducive for the achievement of the nation's competitiveness as well as development, as it gives more flexibility to HEIs to innovate and be creative in making entrepreneurial breakthroughs. Under the HE Law 12/2012, the autonomous status has been regarded as the highest status of public HEIs in Indonesia which gives HEI a higher degree of freedom in managing its institution. The second level of status is “public service institution” which receives limited autonomy in financial management, and then the third level is “operational unit” which operates fully under the MORTHE. In future, the number of autonomous HEIs is expected to increase, until the majority of public HEIs are autonomous. Autonomy has impacted the business process and certainly the productivity measures, as the HEIs are allowed to receive and earn income from their educational as well as research activities. Government financial support will be provided on the basis of a performance contract which is renewed annually. Meanwhile, the autonomous HEIs can receive funding from other funding agencies on the basis of their research and services contracts as well as product dissemination.

In 2013, autonomous HEIs were provided with special regulations on Funding Mechanism for Autonomous University (Government Regulation Number 58/2013, which has now been replaced by Government Regulation Number 26/2015). The regulation specifically defines an autonomous university as a public university, established by the Government of Indonesia, and provides it with the status of an autonomous legal entity. Autonomous universities are provided with the rights and responsibilities to manage and direct the operation of higher education while implementing the *Tridharma Perguruan Tinggi* (Three Pillars of Higher Education: Education, Research, and Community Services).

Being a legal entity, each autonomous HEI has been given a separate government regulation signed by the seal of the President of Republic of Indonesia, as shown in Table 5.1. The later four universities, namely, Universitas Padjadjaran, Universitas Diponegoro, Universitas Hasanuddin, and Institut Teknologi Sepuluh Nopember Surabaya, despite having obtained their autonomous statuses in 2014, had their statutes released in 2015 and were given a transition period of two years until 2017. Table 5.1 shows the government regulations related to the designated autonomous universities, including their statutes which were used as the basis for implementing the transformational changes towards autonomous status.

Requirement to be an autonomous HEI

Under the Law of Higher Education No. 12/2012, institutional autonomy was invoked in article 65 line 1, which states that autonomy can be selectively granted

Table 5.1 Autonomous HEIs and their government regulations

Education Institution	Government Regulation
1 Institut Teknologi Bandung	No. 65/2013 on the Statute of Institut Teknologi Bandung
2 Institut Pertanian Bogor	No. 66/2013 on the Statute of Institut Pertanian Bogor
3 Universitas Gadjah Mada	No 67/2013 on the Statute of Universitas Gadjah Mada
4 Universitas Indonesia	No. 68/2013 on the Statute of Universitas Indonesia
5 Universitas Pendidikan Indonesia	No. 15/2014 on the Statute of Universitas Pendidikan Indonesia
6 Universitas Sumatera Utara	No. 16/2014 on the Statute of Universitas Sumatera Utara
7 Universitas Airlangga	No. 30/2014 on the Statute of Universitas Airlangga
8 Universitas Padjajaran	No. 80/2014 on the Autonomous Status of Universitas Padjajaran; and No. 51/2015 on the Statute of Universitas Padjajaran
9 Universitas Diponegoro	No. 81/2014 on the Autonomous Status of Universitas Diponegoro and No. 52/ 2015 on the Statute of Universitas Diponegoro
10 Universitas Hasanuddin	No. 82/2014 on the Autonomous Status of Universitas Hasanuddin and No. 53/2015 on the Statute of Universitas Hasanuddin
11 Institut Teknologi Sepuluh Nopember Surabaya	No. 83/2014 on the Autonomous Status of Institut Teknologi Sepuluh Nopember and No 54/2015 on the Statute of Institut Teknologi Sepuluh Nopember

to public universities by the government on the basis of a performance evaluation of the public university being managed as the public service institution. As such, the autonomous status can be granted to existing public universities with good performance or, in special cases, to a newly established public university.

In 2014, MORTHE issued a Ministerial Decree No. 88/2014 on the Transformation of Public Universities to Autonomous Public Universities. The decree specifically iterates the requirement for any public university to transform into autonomous university, so as to allow public universities in Indonesia to prepare themselves for the autonomous status. Autonomy is given on the basis of several criteria of institutional performance, as shown in Figure 5.1.

1 Quality

To be granted the autonomous status, a public HEI has to provide evidence

Quality	<ul style="list-style-type: none"> a. Excellent accreditation for the institution and at least 80% of the study program accreditation; b. Relevance and coherence among vision, mission, and goals with national higher education standard and institutional standards; c. Quantity and quality of international publications and/or intellectual property rights; d. Students' achievement in international and national competition; e. Participation of HEI in various government activities and projects; f. Participation in various activities and collaboration/partnerships of HEI with business and industry.
Good Governance	<ul style="list-style-type: none"> a. Accountability; b. Transparency, effectiveness, and efficiency; c. Not-for-profit orientation; d. Compliance with rules, regulations, and policy; e. Good reporting mechanism – period, accuracy and timing.
Financial Feasibility	<ul style="list-style-type: none"> a. Financial and assets management based on the existing regulations; b. Unqualified opinion for financial report for the last two years; c. The capacity to raise funds other than Government source/funding.
Social Responsibility	<ul style="list-style-type: none"> a. Percentage of disadvantage students in scholarship = no less than 20%; b. Percentage of students from disadvantage areas; border and/or remote areas; c. Involvement in HEI in community services.
Role in Economic Development	<ul style="list-style-type: none"> a. The role of HEI in development of small and medium-sized enterprises; b. The role of HEI in providing solutions to problems in industry; c. The role of HEI in developing and nurturing entrepreneurship.

Figure 5.1 Requirement to be an autonomous HEI

and excellent study programme accreditation for a minimum of 80 percent of its study programmes. The accreditation can be national accreditation or international accreditation such as AUN or AACSB. It is assumed that when a HEI has achieved excellent accreditation for its institution and a majority of its study programmes, the management of the institution must be sustainably good, with the potential of further improvement.

2 Good Governance

To be granted the autonomous status, a public HEI has to provide evidence of having implemented good governance as a public service unit that is the second category of public HEIs in Indonesia. As a public service unit, it is provided with financial autonomy to engage in commercial activities that generates revenue for the institution. The institution is held accountable in managing the funding provided by the government as well as income from other sources. Good governance is measured by indicators relating to accountability; transparency; compliance with governmental regulations; subscription to good reporting mechanisms for the government, stakeholders, and public; and also the implementation of a non-for-profit orientation in its activities. Good governance is assumed to be a good indicator of the capacity becoming an autonomous institution in the future.

3 Financial Feasibility

To be granted the autonomous status, a public HEI must indicate that it can manage the funding allocated from the government and, at the same time, that it has been able to raise its own income from various business units and collaboration. It also has to show a business model that guarantees a sustainable income for its future operation, and that the HEI has a steady income from its business units, and savings that can serve as an endowment fund or an operational budget in the future. The limit for saving is a minimal 300 billion rupiah (US\$ 22 million) to be able to apply for autonomous status. With such an amount of saving, the HEI is expected to be able to operate on its own at least for three years.

4 Social Responsibility

To be granted the autonomous status, a public HEI must indicate that it has active engagement with community through its academic activities and products. Usually, social responsibility is considered a spending activity using the funding mainly from the government. However, to be autonomous, the public HEI must transform its spending social responsibility into income generating activities, while maintaining its goal – that is, to solve public problems using the results of its research, collaboration with industry, and its academic programmes. The fulfilment of social responsibility with high income-generating activities indicates a strong capacity for the HEI to be an autonomous institution in the future.

5 Role in Economic Development

To be granted the autonomous status, a public HEI must indicate that it has products of innovation that have the potential to be commercialised, and strong collaboration with businesses and industry. Innovation is measured through research endeavours, international scientific publications (including citation index and collaboration index), patents or intellectual properties, and innovative products for industry. As such, the HEI will be able to assume a significant role in economic development, especially in increasing the nation's competitiveness.

The preparation for autonomous status is an initiative to be taken by each individual public HEI. While maintaining the status of public service institution, receiving autonomy in financial management, the public university can make efforts to achieve the criteria to be autonomous. Information on the fulfilment of the five aforementioned criteria is to be presented in the form of proposal to be submitted to the MORTHE, along with other documents – that is, a self-evaluation report, a long-term strategic plan, a draft of the statute, and a transition plan. Once the autonomous status is granted, the HEI may then start work on its transition to the autonomous status.

Approach in implementation of autonomy

To fulfil the objective of implementing autonomy at the HEI, one must first understand, be committed, and be convinced that the autonomy will bring benefits to all university's major constituents, namely, faculty members, staff, and students, and if implemented through the right process, it will also bring manageable transformational change (Fasich, 2013; Nulhaqim, et al., 2016). First, the autonomy received by the HEIs provides HEIs with authority:

- 1 to manage the government's owned assets for operational purposes, except lands;
- 2 to govern and make their own decisions with emphasis on transparency and accountability;
- 3 to establish units to ensure accountability and transparency;
- 4 to manage funds, independently, transparent, and accountable;
- 5 to establish business entities and endowment fund on the basis of the principles of transparency and accountability;
- 6 to recruit, manage, replace, and dismiss academics as well as non-academic staff; and
- 7 to open, implement, and close study programmes on the basis of the principles of academic quality.

Second, the scope of autonomy granted to HEIs includes academic and non-academic autonomy. Academic autonomy includes the establishment of norms

and an operational policy to carry out the *Tridharma Perguruan Tinggi*. This includes the authority to open, implement, and close study programmes based on the principles of academic quality.

Meanwhile, non-academic autonomy includes the establishment of norms and an operational policy regarding organisation, finance, students, human resources, facilities, and infrastructure. Under organisational autonomy, HEIs have been granted autonomy in governing and making their own decisions, with transparency and accountability, to establish the institutional structure suitable for their operation. In terms of financial autonomy, HEIs have the autonomy to manage their own budget, to manage the government's assets for operational purposes, and to establish business entities and endowment fund based on the principles of transparency and accountability. Under student autonomy, HEIs have the authority to determine the number and source of students, recruitment policy, and the maintenance of the student body. Under human resource autonomy, autonomous HEIs have the authority to recruit, manage, replace, and dismiss academics as well as non-academic staff. Under the facilities and infrastructure, autonomous HEIs have the authority to make use of the existing government asset and facilities, erect new buildings, and establish new infrastructure deemed necessary for their operation.

Under the Law of Higher Education No. 12/2012, the scorecard for the autonomy of HEIs in Indonesia, as depicted in Figure 5.2, covers six major areas of autonomy: academics, organisation, finance, students, human resources, and facilities.

The coverage of HEI's autonomy is wide. As such, Brodjonegoro (2012) states that before embarking on the journey towards autonomous status, eight factors should be weighed: the benefits of change, legal framework, accountability, financial plan, financial formula, monitoring and evaluation, transition period, and the readiness of the HEI.

1 Benefits of Change

Globally, the transformation of higher education specifically includes the provision for the HEIs to be more autonomous and have more freedom in governing themselves. For a public HEI to be autonomous, it must undergo many changes. As such, it is necessary that all change agents – the leaders in a HEI and other invisible leaders – are committed to the change which would bring about national development. Such change usually encounters resistance from some stakeholders. In most cases, it is because the concept of autonomy and its boundaries are not well understood by the stakeholders. Faculty members who feel comfortable with routine and with a secure salary from the government tend to be unhappy with the new ventures of an autonomous university. Students are concerned about an increase in tuition fees if the university were to be financially autonomous. Further, the public could also question the commitment of the government, because they believe that an increase in autonomy would mean the end of support from

Academics Norms, operational policy, and operation of:	<ul style="list-style-type: none"> • Academic requirement for new students; • The opening, changes, and closing of a study program; • Curriculum of study programs; • Learning process; assessment and evaluation process. • Exit requirement; Graduation.
Organisation Norms, operational policy, and operation of:	<ul style="list-style-type: none"> a) Strategic and operational plan of the organization; b) Organizational structure and administration procedure; c) Internal control, monitoring, and evaluation mechanism; d) Internal quality assurance system.
Finance Norms, operational policy, and operation of:	<ul style="list-style-type: none"> a) Budgeting, short-term and long-term financial management; b) Tariffs and unit cost of all kinds of educational services; c) Income, expenditure, and financial management; d) Short-term and long-term investment; e) Collaboration with third parties on three pillars of higher education (teaching, research, and innovation); f) Short-term and long-term liabilities; g) Financial recording and reporting mechanism.
Students Norms, operational policy, and operation of:	<ul style="list-style-type: none"> a) Intra- and extra-curricular activities for students; b) Students organization; c) Talent scouting and talent development.
Human Resources Norms, operational policy, and operation of:	<ul style="list-style-type: none"> a) Criteria and procedures of HR recruitment; b) Assignment, professional development, and evaluation of HR; c) Development of key performance indicator and targets; d) Dismissal procedures and mechanism.
Facilities Norms, operational policy, and operation of:	<ul style="list-style-type: none"> a) Ownership of facilities and infrastructure; b) Appropriation of facilities and infrastructure; c) Utilization of facilities and infrastructure; d) Maintenance of facilities and infrastructure.

Figure 5.2 The scorecard of HEI's autonomy in Indonesia

the government (Surachman, 2016). Non-academic staff are very sceptical of the autonomous status, because they usually do not have enough information regarding their own positions, such as whether they would remain as civil servants supported by the government and be promoted to certain positions, or whether they would become university employees and have to compete with other newly recruited employees for certain positions. The benefits of being an autonomous HEI need to be explained and be understood by the various stakeholders. Within the boundaries of more flexible governance and better quality higher education, an autonomous HEI is expected to become a moral academic force to reform the higher education in Indonesia with multiplier effects (Brodjonegoro, 2012).

2 Legal Framework

Legal framework and regulation on autonomous HEIs must be congruent. An autonomous HEI must also be ready to devise its own regulations to manage its autonomous institution, so as to keep to its intention of implementing good governance and be held accountable. In many cases, there may be more problems than solutions. For example, the overreach of authority in establishing new organisation structures may result in the existence of many units without any clear function, or with no consideration of costs, which would later be a burden to the institution as well as the government. The synchronisation of HEIs' national regulation and an autonomous HEI's regulations needs to be done to ensure smooth operations in the autonomous HEIs. When the autonomous HEI does not devise its own regulations, then the operation is to comply with the national regulations, which may not be well tailored for the HEI.

3 Accountability

An autonomous HEI must be accountable to the public. Accountability is measured on the basis of the representativeness of membership and working mechanism of the board of trustees, an independent validation of the HEI's outcomes based on public assessment, valuation and/or rank, and audit mechanism on public fund expenditure. The board of trustees is the main mechanism for public accountability, especially when the public is represented in its membership. The board of trustees usually consists of public representatives, government representatives, students, academics, university management, and non-academic staff members. The board usually meets regularly to determine the performance of the autonomous university, the achievement, and improvement needed as well as the roadmap for its future development. As such, the public is allowed to contribute to the strategic development of the HEI, and conversely, the HEI is able to provide feedback to its stakeholders. Thus, the autonomous HEI is transforming into an open and transparent institution instead of a closed ivory tower. At the end of the year, the management report is to be made public, along with the

results of the public audit of the university's finances. The MORTHE will evaluate its performance on the basis of its innovation (that which has been commercialised), skilful graduates (graduates with employment, with no or short waiting time), and also on a management (productivity) index.

4 Financial Plan

An autonomous HEI needs to have a very strong financial plan to enable it to be accountable, self-sufficient, and sustainable. A block funding mechanism is needed to allow flexibility in financial management for attaining optimal results. Thus, output/outcome-based funding mechanism is becoming important in autonomous HEIs based on strong justification and policy. Along with the right of the HEI to independently manage funding allocation and spending from the government and other funding sources comes the requirement of transparency and public accountability.

5 Financial Formula

The financial formula needs to be determined. Currently, the funding support for autonomous HEIs from the government is granted in block-funding on the basis of the performance evaluation and the annual financial plan by the HEIs themselves. The government block funding is intended to fill the gap between income earned and operational expenditure of the autonomous HEI. Each autonomous HEI is expected to have its own financial formula and plan to generate revenue from sources other than the government, such as through research, innovation, and other innovative endeavours. An autonomous HEI needs to establish its new business model to ensure their income, operation, and sustainability.

6 Monitoring and Evaluation

The monitoring and evaluation of the autonomous HEIs is important. The public and the government must be able to obtain information regarding the funding allocation and spending by the autonomous HEI, which includes income and funding received from various sources. A public audit is required for HEIs with autonomous funding management. The periodic evaluation of autonomous HEIs is carried out by MORTHE on the basis of their performance contract and their proposal for the government's support.

7 Transition Period

A transition period is needed to bridge the transformation from the institution's existing status as public service HEI to the stage of being an autonomous HEI. Transition strategies can be devised differently for each HEI according to its own existing condition. For example, for the first four autonomous HEIs – Universitas Indonesia, Universitas Gadjah Mada, Institut Teknologi Bandung, and Institut Pertanian Bogor) – the government

provided a ten-year transition period for the conversion of their staff from government officials to staff of the HEI. The two HEIs – Universitas Sumatera Utara and Universitas Pendidikan Indonesia – were not provided sufficient time for transition, and they barely managed to become autonomous HEIs. The last four HEIs were then given a two-year transition period. The longer the transition, the more ready HEIs in implementing their autonomy.

8 Readiness of HEI

Prior to its transformation into an autonomous HEI, a HEI must prepare its students and courses (academic), management of human resources, finance, income, and administration to be ready at the systemic level as well as the operational level. Most HEIs do not have problems in preparing the transformation of its academic system. However, the preparation for management of human resource issues, finance, income, and administration systems and operation has been more challenging.

While the five factors in Figure 5.1 are prerequisites for a HEI to be autonomous, the eight factors from Brodjonegoro (2012) indicate the steps to be taken after the autonomous status is granted.

Assessment of the seven autonomous universities

Although the official government regulations regarding each autonomous HEI were issued recently in 2013 and 2014, the seven autonomous HEIs have been in operation since the late 1990s. For the purpose of this study, the most recent autonomous universities – Universitas Padjadjaran, Universitas Diponegoro, Universitas Hasanuddin, and Institut Teknologi Sepuluh Nopember Surabaya – are not included in the assessment, since they are still in the relatively preparatory stage to becoming autonomous and do not have much information on their progress to be shared. Therefore, the assessments and analyses in this study will be focused on the earlier seven autonomous universities namely, Institut Teknologi Bandung, Institut Pertanian Bogor, Universitas Gadjah Mada, Universitas Indonesia, Universitas Pendidikan Indonesia, Universitas Sumatera Utara, and Universitas Airlangga. The aim of this study is to elaborate the model and the experience of each HEI, especially the first seven autonomous HEIs in Indonesia.

Framework of the study

The study on implementation of institutional autonomy is intended to collect data on the experience of HEIs in implementing their autonomy statuses and the challenges and opportunities faced.

As such, the study framework (Figure 5.3) is as follows:

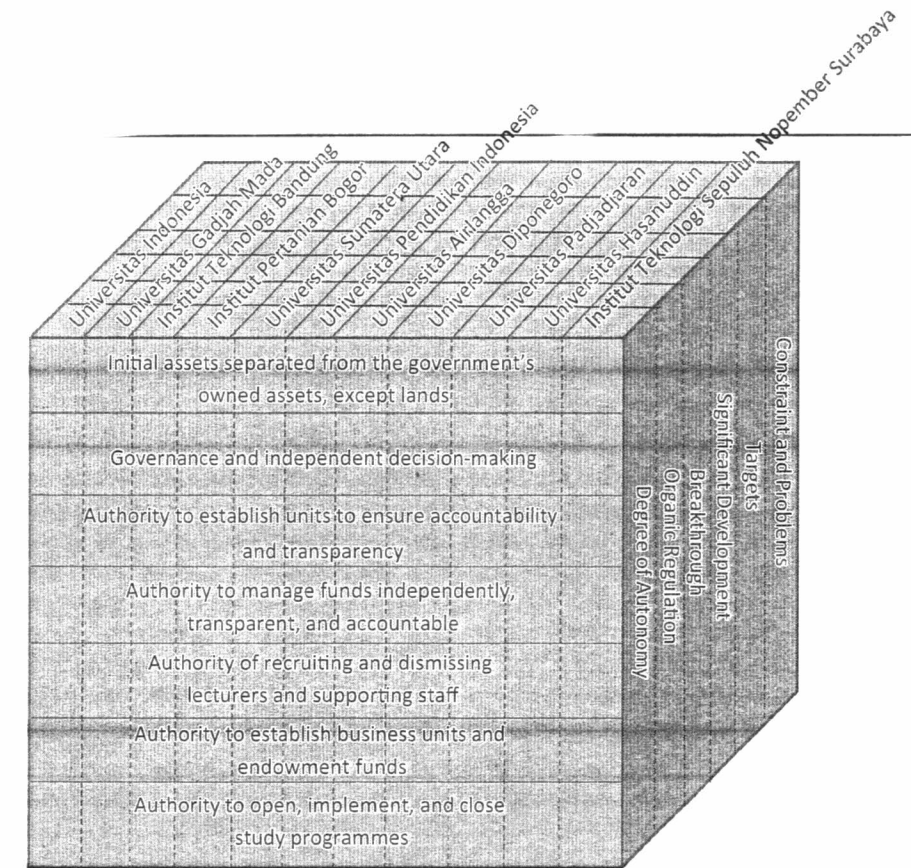


Figure 5.3 Research framework

Axis X = seven areas of authority (Law of HE No. 12/2012)

- 1 Initial assets separated from the government's owned assets, except lands;
- 2 Governance and independent decision-making;
- 3 Authority to establish units to ensure accountability and transparency;
- 4 Authority to manage funds independently, transparent, and accountable;
- 5 Authority of recruiting and dismissing lecturers and supporting staff;
- 6 Authority to establish business units and endowment funds; and
- 7 Authority to open, implement, and close study programmes.

Axis Y = six areas of inquiry regarding the implementation of autonomy by the HEIs:

- 1 Degree of Autonomy
 - How autonomous do the autonomous HEIs perceive themselves to be?
 - What is the meaning of autonomy for them?
- 2 Organic Regulations
 - Have the HEIs devised their own regulations?
 - Which areas are already covered by their own regulations and which are not?
- 3 Breakthrough
 - What are the breakthroughs or innovations they created to implement autonomy in their institution?
- 4 Significant Development
 - How significant has the autonomous status been to the development of the institution?
- 5 Targets
 - Do the autonomous HEIs have targets for development?
 - What are the prioritised programmes?
 - What are their targets?
- 6 Constraints and Problems
 - Were there any constraints and problems faced during the implementation of their autonomy?

Axis Z = 11 autonomous public universities (only seven analysed)

Method of study

The study employs a survey method for data collection complemented with a study of documentation and in-depth interviews during visits to each individual institution. A guide was devised for the interview based on the research framework. The interview was conducted in seven HEIs, each involving HEIs' leaders (all echelon 1 and 2 in each HEI, ranges from $n = 20$ –40 per HEI), academics ($n = 25$ per HEI), and non-academics ($n = 25$ per HEI), during the period from April to August 2017. Data analysis has been conducted qualitatively using constant comparison procedures to arrive at coding, categories, and concepts in the form of written narrative regarding the implementation of autonomy by HEIs.

Results and findings

From the collected data and interviews, the implementation of autonomy for HEI has been revealed to be somewhat challenging for the government as well as for the HEIs.

For the government, the biggest challenge has been the regulation of institutional autonomy for HEIs. The provision of institutional autonomy to universities has been legally integrated into one of the articles of the National Education System Law issued in 2003, thus securing legal status for it. However, in order to equip the first four autonomous HEIs as well as future autonomous HEIs with stronger and unique regulations of their own, the Government of Indonesia issued in 2009 a specific law focused on institutional autonomy for HEIs. The specific law was then revoked by the Supreme Court, due to the disagreement between public and private HEIs on the concept of education as a tradable entity as one part of the law.

Meanwhile, on the basis of the existing law, the autonomous status was also given to additional HEIs, that is, Universitas Sumatera Utara, Universitas Pendidikan Indonesia, and Universitas Airlangga. In 2012, a new regulation – the Law of Higher Education – was issued, and the HEIs' autonomy was included into one of its articles, and the seven autonomous HEIs were specifically mentioned in the law. In 2014, two regulations were issued as to equip autonomous HEIs with an operational base. First was the Government Regulation on Managing and Governing HEIs No. 4/2014, which provides guidance for managing and governing autonomous HEIs as mentioned in articles 22 to 26. The articles specifically define the scope of autonomy of the HEIs, that is, academics and non-academics (organisation, finance, students, HR, and facilities) as depicted in Figure 5.2. Then there was the Ministerial Decree on the Transformation of Public Universities to Autonomous Public Universities No. 88/2014, which guides public HEIs on the requirements for them to transform into autonomous university.

On the basis of the 2012 Law of Higher Education and Government Regulation No. 4/2014, another four HEIs were given autonomous statuses in 2014. Thus, at present, among 4,565 HEIs in Indonesia, there are already 11 HEIs designated as autonomous – they are Universitas Indonesia, Universitas Gadjah Mada, Institut Teknologi Bandung, Institut Pertanian Bogor, Universitas Pendidikan Indonesia, Universitas Sumatera Utara, Universitas Airlangga, Universitas Diponegoro, Universitas Hasanuddin, Universitas Padjadjaran, and Institut Teknologi Sepuluh Nopember Surabaya.

The autonomous HEIs receive strong legal status because each of them has their own law and regulation (see Table 5.1), and the first seven autonomous HEIs was even specifically mentioned in the Law of Higher Education issued in 2012. With such a strong legal status for the HEIs, the government is constrained in taking action when an autonomous HEI does not adhere to its performance contract. For example, one university was engaged in an internal dispute because the rector wanted to extend his term beyond that allowed by the regulations. Further, nepotism was also in the picture: the establishment of new units in the

university – without clear function and targets – is merely to serve the interests of a staff member’s relatives. As such, financial management in the university as well as the governance of the university was in jeopardy. The academic atmosphere was affected by this uncondusive situation; thus, the institution’s accreditation was downgraded. The terms of the performance contract were not respected. Nevertheless, the government could not revoke its autonomous status unless the government changed the Law of Higher Education No. 12/2012 and the specific regulations for the particular university which was sealed by the President of Indonesia. Changing the law could take more than two years, and would have to go through the People’s House of Representatives, which could take on a political impact beyond that which would be expected. In that case, MORTHE took over the university for a temporary period and assigned a caretaker to manage the university until a new rector was elected. It was a laborious situation. It is a major effort for the government to nurture a public HEI to become autonomous, and one that requires resources, but at the end, the government was not able to take action in revoking the status due to the regulations. It is apparent that there is a need for more accommodative regulation to support government’s action to revoke the autonomous status whenever such incidents happened.

Meanwhile, for the HEIs, to be autonomous also presents some challenges. If managed carefully, creatively, and innovatively by autonomous HEIs such challenges can open up new opportunities to grow and improve their performance. From the data collected, the implementation of autonomy, especially the seven areas of authority within the scope of HEI’s autonomy, are varied from one institution to the other institutions, in terms of understanding autonomy, governance, breakthrough, significant advancement, targets and constraints. In general, the challenges by autonomous HEIs in implementing their autonomy in their institutions is as follows.

- 1 The most notable challenge has been “understanding of **being an autonomous HEI**” – which is varied from one HEI to the others.

The autonomy of a university itself has been defined simply as the rights and responsibility of an HEI in flexibly and independently managing its own operations. Nevertheless, it has not been defined in any legal instruments for autonomous HEIs. The boundaries of autonomy were provided under two broad categories of academic and non-academic autonomies, and covering seven areas of autonomy, that is, ownership of initial assets separated from the government’s owned assets, except lands; governance and independent decision-making; authority to establish units to ensure accountability and transparency; authority to manage funds independently, transparent, and accountable; authority of recruiting and dismissing lecturers and supporting staff, authority to establish business units and endowment funds; and authority to open, implement, and close study programmes.

When compared with the European Higher Education Autonomy Scorecard (see Pruvot & Estermann, 2017), the coverage of autonomy provided to Indonesian HEIs is relatively similar, albeit with different emphasis. The European Higher Education Autonomy Scorecard covers four major categories:

organisation, finance, staffing, and academic autonomies, and provides a highly detailed description of the coverage of each category of autonomy. Meanwhile, Indonesia HE Autonomy (2012) has its own scorecard for autonomous HEIs (see Figure 5.2). It does not provide detailed descriptions as the European HE Autonomy Scorecard does. As such, each autonomous HEI in Indonesia can define its own autonomy and set its own boundaries and coverage. This has been perceived to be the major challenge for autonomous HEIs.

The boundaries and coverage set by each autonomous HEI is the underlying foundation for the policy, implementation, and operation strategy of the HEI’s autonomy. On the one hand, it demonstrates the autonomous powers they wield in setting their own definitions and boundaries of their autonomy, but since each autonomous HEI has different boundaries and coverage, autonomous HEIs are frequently misunderstood or not being recognised by the other government bodies and ministries in relation to assets, finance, tax, and personnel matters.

A lack of understanding on the autonomy rights and authority by the universities has caused the university not to be able to perform optimally in executing its vision and mission in conducting higher education programme and activities. Some examples were demonstrated for the cases of tax purposes, the tax and revenue office of the Ministry of Finance categorised the university legal entity as a government-owned enterprise in the form of a corporation, and the university must comply with corporate tax obligations, which differs from being an educational institution. There are different interpretations among the government authorities such as the Office for Finance Oversight and Finance Control and the internal inspectorate general who is responsible for supervising the management of universities.

- 2 The other challenge has been “**governance and independent decision-making**” of autonomous HEIs.

University governance and the relationship between the state and higher education institutions are issues that have generated intense debate and reflection over the past decade. Institutional autonomy is widely considered as an important prerequisite for modern universities to be able to develop institutional profiles and to deliver efficiently on their missions (Pruvot & Estermann, 2017). In Indonesia, university governance is shifting from centralised governance by the government to decentralised governance by the individual HEIs. As such, each individual HEI is given the privilege to autonomously manage its own operation on the basis of its uniqueness and context. Establishment of university governance is to demonstrate the university ability in making decisions autonomously through a board of trustees, public auditor, academic senate and, in some cases, an established council of professors. The mechanism was set to ensure the accountability and transparency in managing resources in the hope of resulting in high-quality higher education.

Since definition and boundaries of autonomy is to be determined by each individual HEI, there are high degrees of differences that an individual HEI sets in its definition and boundaries. Thus, each HEI has a unique definition

and boundaries regarding its autonomy. As such, each HEI also drafts its own roadmap to implement its autonomy.

One university defines autonomy as having power and authority to act. Suddenly, the organisational structure of HEI becomes a “fat” organisation, especially at the middle level. The given autonomy has been defined as having power to establish units and appoint people at certain positions thus causing the organisational structure to grow fat. The fat organisation has caused a sharp increase in personnel salaries and wages. The fat organisation is neither effective nor efficient and thus becomes a constraint for the HEI in becoming autonomous.

Further, the new positions in the new fat organisational structure are mostly filled by academics, on the assumption that they have the knowledge and capability to carry out their responsibilities in the new autonomous context. Nevertheless, this strategy has reduced the academic manpower of the institution, thus affecting the quality of teaching and learning, research and publication, and community services, for now the academics have become bureaucrats, busy managing the new units in the HEI. Meanwhile, the supporting administrative staff are sidelined with routine administrative work which may not be challenging to them. As such, most of the supporting staff reported that they “do not feel the benefit” of their HEI being autonomous. Most are even showing high resistance, since they do not have the opportunity to participate actively in the change and getting benefit out of it. The staff’s opportunities are mostly taken away by the academics.

Other universities define autonomy as the authority to have as much as possible endowment funds but continue to request extra funding from the government for their operations. Some of the operations can be classified as investments, where the fund should come from their endowment fund and not from the government support at all, because the nature of government support is only to fill the gap of operational expenditure.

3 Another notable challenge in this case is that many autonomous HEIs are not prepared with comprehensive internal regulations to guide the implementation of their autonomy.

Although some autonomous HEIs are already equipping themselves with internal regulations, many have incomprehensive regulations. In lieu of their own internal regulations, many turn to the existing regulations from the government which are not meant for autonomous HEIs, and which are considered as being rigid and binding thus hindering the implementation of their autonomy.

After several interviews and discussions, it is apparent that autonomous HEIs do not have a good understanding of a number of existing laws and regulations for managing autonomous HEIs. Among these are:

- the Law of Higher Education No. 12/2012;
- the Government Regulation of Managing and Governing HEIs No. 4/2014;
- the Ministerial Decree on National HE Standards No. 44/2015;

- the Ministerial Decree on the Transformation of Public University to be Autonomous Public University No. 88/2014;
- the Law on State Finance No. 17/2003;
- the Law on Treasury and State-owned Assets Management No. 1/2004;
- the Government Regulation on Funding for Autonomous HEIs No. 58/2013, renewed by the Government Regulation on Funding for Autonomous HEIs No. 26/2015;
- the Law on Civil Servants No. 5/2015.

Each autonomous HEI is expected to devise its own regulations to fit the purpose of its institution, on the basis of the existing laws and regulations which are laid down by several ministries. With comprehensive and sound internal regulations, the autonomous HEIs are expected to be flexible in managing and governing their respective institution and interact with the different ministries deploying its autonomy.

One example is on the recognition of public servant status and university governance organisational structure by other ministries. Three autonomous universities proposed for equal treatment of the university employees as the other employees who are civil servants. They also want to post these university employees in the structural positions which are newly created for their autonomous institutions and which are different from the regular HEIs’ organisational structure. Certainly, the Ministry of Finance and Ministry of Human Resources could not recognise the newly created organisational structure of the three autonomous HEIs and the need for human resources to fill these positions. This is because these three autonomous HEIs have not equipped themselves with the legal status of the organisational structure, that is, their own regulation regarding the structure, position, and requirement for such positions. Furthermore, they have not made any request for approval from the Ministry of Human Resources, whose endorsement will allow the Ministry of Finance to give permission for the autonomous HEIs to spend their own budget on the salary and wage for those personnel in the newly created positions.

4 The autonomous HEIs also reported challenges regarding **finance** and **human resources**. Up to the present, they still follow the government’s regulations; thus, they cannot afford to have flexible ventures on the basis of their unique situation. Many have proven that they actually are able to fund their own operation and they have reasonably high income from various ventures, research, education programmes, and so forth. Nevertheless, challenges come with considerably unfair treatment between academics and supporting staff, lack of priority in budget allocation, and lack of internal regulations. This has raised an issue that “autonomy” of the HEIs has been beneficial only to academic staff members while becoming disadvantageous to the non-academic staff members who were treated unfairly (in terms of income from HEI and opportunities for promotion), as reported by a number of non-academic staff members.

There are several other challenges faced by the autonomous universities relating to recruitment of faculty members and staffs, career development

for faculty members on tenure track, and professional development of other staff. It is becoming more difficult to hire more faculty members and support staff when the university has to generate their own funding to pay for their salaries, according to some leaders in the autonomous HEIs. This issue has become a hot topic raised by the employees – academic as well as non-academic members of the autonomous HEIs.

The public at large is also sceptical regarding the autonomous status of HEIs, especially concerning finance, since they perceived that the autonomous HEIs will increase the tuition fee for students so as to earn money for their operation. Nevertheless, the government policy on the allowable ceiling for tuition fees, which also applies to the autonomous HEIs, is considered helpful to the public. As such, there are boundaries (range) of tuition fees that can be employed by HEIs, and HEIs cannot go beyond the ceiling in stipulating the tuition fees for various students. This regulation is helpful for the disadvantaged students, but not popular among the autonomous HEIs which consider this regulation as too binding.

- 5 Autonomous universities were authorised to establish business units. This authority was given to meet the objective for generating income needed by university to conduct its programmes and activities without depending heavily on the government funding and student tuition fees. It is expected that when its income is better, the university could offer better academic programmes and thus fulfil its vision and mission. In reality, half of the autonomous universities studied did not own any business corporations because they do not own enough capital to start any business activity. They also face difficulty in identifying any kind of appropriate business that is beneficial to the university. For those universities that have established a business corporation, the income is not sufficient to support university's needs. The effort to establish their own endowment funds is still very limited, and the tradition of participation by the private sector, philanthropists, and the policies of tax deductibility and corporate social responsibilities do not exist yet.

Such challenges could be minimised if there is enough time in the transition period for HEIs to embark on their journey towards autonomy. HEIs are supposed to be nurtured and guided to implement the transformation. The nurturing and guidance are mostly carried out during the transition period. In most cases, the transition period was too short, thus not allowing for quality nurturance or guidance. Therefore, many autonomous HEIs are struggling to find their ways in taking up the challenges of being autonomous.

In general, results of the study indicate that the most notable challenges have been the understanding of the meaning of being an autonomous HEI – which is varied from one HEI to another. Regulation comes second in the list of challenges. Then, there is a challenge that other ministries and government bodies have not understood the term and organisation of “autonomous public HEI”; thus, most were still requiring the autonomous HEI to operate under the existing public HEI regulations. This practice has been a constraint to a more flexible

university management system based on the principles of good university governance. There is also a challenge in managing staff, especially on the issue of whether they should be civil servants or not, the latter of which requires autonomous HEIs to have their own regulations and carry the responsibility for allocating funds to manage their own human resources.

Potential and way forward

Achieving higher academic reputation internationally

Despite the aforementioned challenges, four out of the seven autonomous HEIs that were assessed are moving forward in the international university ranking, as follows:

Table 5.2 indicates the rank of five autonomous Indonesian universities in QS world university ranking in 2017 (www.topuniversities.com/university-rankings/world-university-rankings). Universitas Indonesia has achieved the highest rank in general, followed by Institut Teknologi Bandung, Universitas Gadjah Mada, Universitas Airlangga, and Institut Pertanian Bogor. International rank is one of the indicators of the successful implementation of the autonomous HEIs.

Thus, the autonomy provided and support from the government have allowed the autonomous HEIs to perform better, academically as well as administratively. The leaders from autonomous HEIs reported that such an achievement is neither due to the big amount of funding available for HEIs nor because of the big students' population. There are other HEIs that have larger number of students and more funding than the five autonomous HEIs. However, the flexibility for the autonomous HEIs to set priorities and allocate resources has been the success factor behind such an achievement.

Some autonomous HEIs reported that their strategies were gradual transformation, so as to blend the non-autonomous university setting with the autonomous setting slowly and gradually. As such, the change is not revolutionary but rather evolutionary. This approach is more acceptable to the academics, students, and supporting staff. This evolutionary approach has worked out remarkably well in maintaining the support staff in their existing positions while changing into a new structure whereby the existing positions may be abolished.

Table 5.2 Indonesian HEIs in the world university ranking 2017

<i>WUR 2017</i>	<i>Higher Education Institution</i>
277	Universitas Indonesia
331	Institut Teknologi Bandung
401–410	Universitas Gadjah Mada
701–750	Universitas Airlangga
751–800	Institut Pertanian Bogor

Source: www.topuniversities.com/university-rankings/world-university-rankings

With some constraints faced by the universities, the process of changing should be managed appropriately by a strong and good leadership. Furthermore, there are still challenges in implementing better academic programmes at the university so as to attain internationally recognised ranking and status, such as the lack of focus and funding for cutting-edge research activities. One of the difficulties is to increase the number of faculties that can achieve high rates of citation in scientific publications as well as in developing and offering of new programmes of studies so as to increase their competitiveness.

Achievements of these universities are associated with their autonomous status supported by the critical mass of highly qualified faculty members, adequate research facilities, and excellent students that already existed in their universities which have the tradition of excellent academic culture prior to the autonomy status. One autonomous HEI leader mentioned that his university will not be able to achieve the international rank if not for the autonomous status which has provided the university with flexibility in managing the institution and making priorities in terms of their programmes and resource allocation. Therefore, they must capitalise on the given autonomy to accelerate and excel towards academic advancement in the future. Funding may not necessarily be the key for the success, because many other autonomous universities with the greater funding could not perform as well when compared with these five universities. A similar observation also applies to the student body, because a larger student body does not necessarily lead to better academic achievement of the universities.

Research and its contribution to the economic development

It is expected that by having the autonomous status, a university can capitalise on and maximise its opportunities to increase and strengthen its research capacity that contributes not only to the advancement of science but also the economy of the country. Thus far, the number of international publication of Indonesia has been increasing. In ASEAN, Indonesia is already in second place as of May 2018, with 8,269 publications, in between Malaysia with 8,712 publications and Singapore with 6,825 publications. Although internationally, Indonesia is still ranked 52 in Scimagojr (www.scimagojr.com/countryrank.php). A large share of this achievement has been the effort of some autonomous HEIs as depicted in the following figures.

Figure 5.4 indicates that autonomous HEIs have contributed significantly to the increase in number of international publications in Indonesia. Figure 5.5, however, indicates that although the number of international publications is increasing, they are not cited very much by other writers. Figure 5.6 indicates that although the number of international publications is increasing, the intellectual property rights of autonomous HEIs is still relatively low, and only four autonomous HEIs are contributing. In this situation, autonomous HEIs still have a long way to contribute to the nation's economic development, which depends highly on the intellectual property rights and innovation, which is streamlined to the industry. Low intellectual property rights indicates that domestic production still has high costs since the country has to pay for the foreign patents being used

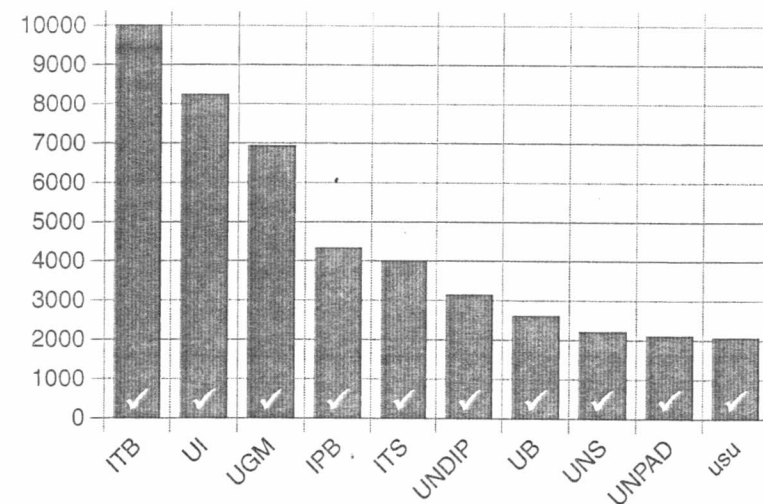


Figure 5.4 HEI contributors of international articles in Scopus – eight out of the highest contributors are the autonomous HEIs (✓).

Source: <http://sinta2.ristekdikti.go.id/>

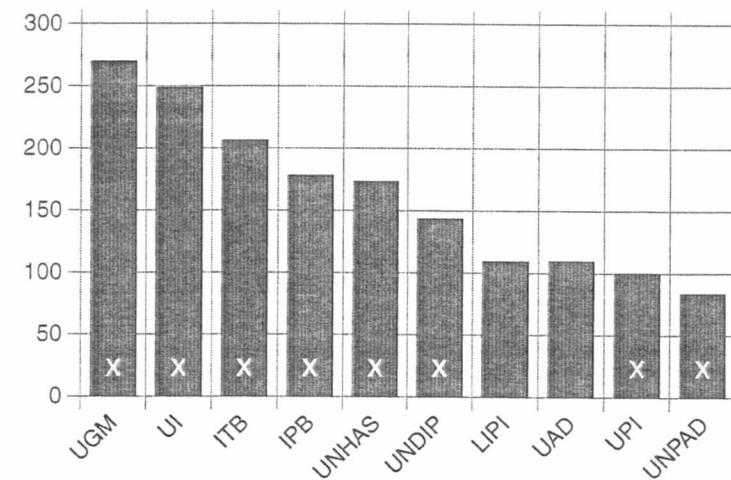


Figure 5.5 HEI contributors of international articles citation – eight out of the highest contributors are the autonomous HEIs (X)

Source: <http://sinta2.ristekdikti.go.id/>

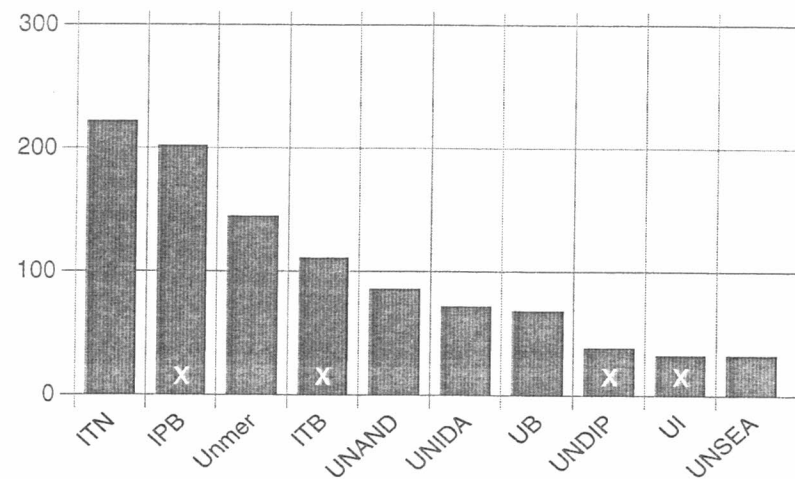


Figure 5.6 HEI contributors of intellectual property rights – four out of the highest contributors are the autonomous HEIs (X)

Source: <http://sinta2.ristekdikti.go.id/>

in the production. As such, the nation's competitiveness is relatively low. With concerted efforts, there is potential capacity of the autonomous HEIs to contribute significantly to the nation's economic development in the future.

Conclusion

In the years to come, there will be many more HEIs in Indonesia which will transform into autonomous HEIs. As such, the experiences and strategies implemented by the 11 autonomous HEIs will become a valuable reference for best practices. Some success factors are worth noting, such as the strategy of combining the old organisation structure and the new versus revolutionising the structure completely. At the same, the various constraints that have emerged can be anticipated in the future. However, each autonomous HEI brings about a unique approach and strategy to implement its autonomy, which other HEIs embarking on the same journey may not be able to model themselves on.

Going forward, there is a need for the existing autonomous HEIs to define their autonomous areas and perhaps also establish their own scorecards based on the definition – as detailed as possible as illustrated by the European Higher Education Autonomy Scorecard. The details are important so as to allow uniqueness of each HEI while maintaining the standard of being autonomous HEIs.

Furthermore, there is also a need for autonomous HEIs to work closely with the government in aligning the policy and regulations at the national level and the policy and regulation at the institutional level. As such, autonomous HEIs will be able to enjoy legal status which is accepted by various stakeholders or

other ministries to support its flexibility and unique operation in terms of finance, resources, and governance and decision-making.

Internal consolidation within the transformative change is necessary as to increase the impact of change to being an autonomous HEI. Therefore, various strategies are to be applied to maintain the synergy and institutional environment by various stakeholders, that is, students, support staff, lecturers, and leaders. A series of socialisation activities regarding the transformation, or open dialogue and discussion for those who are questioning the change, for example, will provide enlightenment to the institutional community. An evolutionary approach is highly recommended in managing the transformation. It gives the time needed for people to understand the transformation and to position themselves in the transformation process.

“Autonomy should necessarily lead to excellence in academics, governance and financial management of the institutions. If it does not lead to this, it can be safely concluded that autonomy has been misused” (Department of Secondary and Higher Education, 2005). Managed and used properly, the flexibility that autonomous HEIs gain in managing their operation as higher education institution can result in higher achievement of the HEIs such as quality higher education indicated in WUR, Scopus Index, or other measures. In the future, this aspect needs to be driven forward by the government as well as each HEI.

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6 National university reforms introduced by the Japanese government

University autonomy under fire?

Akiyoshi Yonezawa

Introduction

Autonomy is regarded as a core value of Japanese universities, owing to the regrettable past collaboration of universities with the military-led totalitarian regime during World War II (Yonezawa, 2014). While the first president of the oldest university, the University of Tokyo, which was established in 1877, was appointed by the government (Tachibana, 2012), universities gradually acquired the power to autonomously select their faculties, deans, and presidents even before World War II (Terasaki, 2000). Yet the structure of the heterogeneous, diversified university sector has made dialogue concerning university autonomy very complex. As of 2018, Japan has 782 (86 national, 93 local public, and 603 private) universities. Some national and private universities are comprehensive and research intensive, whereas others are very small. Further, some are highly selective with respect to student admissions, whereas many, especially private universities, have de facto open entry.

Specifically, national universities that have received public funding for education and research are expected to make more direct contributions to socio-economic development through human resources development, research, technology, and innovation. Over the last two or three decades, the national government has introduced a series of national university reforms focusing on the governance and management of Japan's national universities, partly in line with the country's general policy direction of neoliberalism and New Public Management (Watanabe & Sato, 2017).

These reforms were aimed at strengthening the institutional capacity for autonomous management which were various forms of direct and indirect governmental intervention in university affairs for boosting performance. The increasing national competition with neighbouring countries (where university autonomy is not as well-established as it is in Japan) as well as with Europe and North America seems to be changing the nuances of university autonomy in the policy dialogue.

Japan's postwar constitution assures academic freedom in the universities. National, local public, and private universities have maintained de facto autonomy in the appointment of faculties, deans, and presidents. Traditionally, however, the central power had rested more with the faculty or the school rather than