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# **BUILDING AUTONOMY FOR EXCELLENCE IN HIGHER EDUCATION INSTITUTIONS**

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*India is burdened by the education system introduced by the East India Company in the mid-1800s. The system was based on the University of London model, whereby the University System was planned with teaching colleges affiliated to the universities. The main objective of the university was to prescribe rules and regulations to the teaching colleges that were expected to do exactly what they were asked for. Through this system, a culture of compliance was slowly created which has been running for many decades now. A World Bank study shows that most countries remain conservative and continue to choose to limit autonomy for the HEIs. The range includes countries like India and Azerbaijan, where HEIs in the public space have very little autonomy. Globally, there has been a shift in the policy space wherein public sector institutions are moving away from being state-controlled to state-supervised systems. Governments are re-imagining and modifying the public institutions to bring in greater efficiency and accountability in their systems and processes in order to help them achieve their objectives. Autonomy and accountability both are the critical building blocks for ensuring good governance in public sector institutions. In the past two decades, tertiary sectors across the world have been increasingly encouraged to adopt practices in tune with market practices so that efficiency and competitiveness can be imbibed by these institutions.*

## **PRELUDE**

Globally, there has been a shift in the policy space wherein public sector institutions are moving away from being state-controlled to state-supervised systems. Governments are re-imagining and modifying the public institutions to bring in greater efficiency and accountability in their systems and processes in order to help them achieve their objectives. This holds true for the tertiary education sector as well, which is witnessing major changes and where the Higher Education Institutions are contemplated to go through reforms to bring in competitiveness, innovation, and creative thinking, coupled with effective state facilitation and supervision. In this reform process, there are two key elements – accountability and autonomy – both of which play a key role in ensuring good governance in the tertiary education sector. In order to make the HEIs more effective, there is a need to establish supportive governance structure wherein appropriate levels of accountability are clearly embedded so that these institutions can have required autonomy to achieve their academic objectives.

## Indian Higher Education Institutions vis-à-vis Global Institutions

As per the 2019 Shanghai Jiao Tong University Ranking (SJTU) rankings, India has only one institution which is ranked amongst the top 400 institutions in the world and another two that are ranked amongst the top 500 institutions (Table 1). China, which is a good case for comparison, has more number of institutions in higher ranks. As per the OECD report of 2008, India's share of Gross Enrolment Ratio of the 18-23 cohort is at 13 per cent, well below other developing countries where Gross Enrolment Ratio is around 18 per cent. This calls for an immediate action and a need to streamline the tertiary education sector as India gets poised to become a rising superpower with tremendous demographic dividend.

TABLE 1: ACADEMIC RANKING OF WORLD UNIVERSITIES 2019

Country Rank	Institution	World Rank
1	Indian Institute of Science	401-500
2	Indian Institute of Technology, Madras	501-600
3-4	Indian Institute of Technology, Kanpur	601-700
3-4	University of Calcutta	601-700
5-8	Indian Institute of Technology, Bombay	701-800
5-8	Indian Institute of Technology, Delhi	701-800
5-8	Indian Institute of Technology, Kharagpur	701-800
5-8	University of Delhi	701-800
9-10	Indian Institutes of Science Education and Research (IISERs)	801-900
9-10	Jawaharlal Nehru University	801-900
11-16	All India Institute of Medical Sciences	901-1000
11-16	Anna University	901-1000
11-16	Banaras Hindu University	901-1000
11-16	Bharathiar University	901-1000
11-16	Indian Institute of Technology, Roorkee	901-1000
11-16	Vellore Institute of Technology	901-1000

\*Institutions within the same rank range are listed alphabetically.

## INDIAN TERTIARY EDUCATION SECTOR

### The Historical Baggage

India is burdened by the education system introduced by the East India Company in the mid-1800s. Thomas Macaulay was primarily responsible for introducing the current system of education system in India. The system was fundamentally flawed as it was meant to create subservient subjects willing to serve the English Lords. The

system was based on the University of London model, whereby the University System was planned with teaching colleges affiliated to the universities. The main objective of the university was to prescribe rules and regulations to the teaching colleges that were expected to do exactly what they were asked for. Through this system, a culture of compliance was slowly created and has been running for many decades now.

As per the latest statistics from the UGC, as on February 2020, there are 1040 universities, 38,204 colleges and 11,443 stand-alone institutions in India. While the universities have the power to grant affiliations and issue degrees, the colleges affiliated to universities have no degree granting authority. In addition, there exist premiere institutions like the Indian Institutes of Technology (IITs) and Indian Institutes of Management (IIMs) and others which have some extra privileges and relatively greater autonomy of decision making.

The problem with the design of the tertiary education sector in India is that we didn't adopt the system on the lines of either the present University of Oxford model or the University of Cambridge, where the mandate of the universities is to generate new ideas, create new inventions, and be the backbone of the intellectual vigor of the country.

### **Structure, Systems and Functions**

As per the report submitted by National Knowledge Commission (NKC) in 2006, the governance structure of India's tertiary sector is "over-regulated and under-governed". The existing system has multiple points of over-wielding and overlapping areas of accountability, which seriously limit the institutional autonomy and ultimately stifle independent thinking and lead to non-performance.

Another major lacuna in the system is that the Indian Constitution places education under the Concurrent list, wherein the responsibility for this sector is shared between the Central and State governments. The Central government is responsible for maintaining standards, while the State government is responsible for the operational issues and day to day management of public HEIs.

Funding is also shared between the state government which provides for 75 per cent of the total tertiary sector funding while 25 per cent comes from the central government.

The existing system gives little autonomy to either public or private HEIs and very little accountability. The introduction of the private sector has not introduced competition into the system and offers just another means for the Government of India to cater to the expanding demand for tertiary education. The need for system-wide accountability is clearly needed, even for the private sector, in an environment where fly by night HEIs appear overnight. The existing regulatory system offers neither the benefits of private sector management nor sufficient regulation to protect consumers.

Tertiary education in India is considered to be centralised and institutions have limited autonomy, regardless of their public or private status. Broadly, there are more than 5 organisations that directly or indirectly control HEIs:

1. University Grants Commission
2. National Assessment and Accreditation Council / National Board of Accreditation
3. Professional Councils
4. Department of Higher Education of the Central/ State Government
5. Parent University

UGC is the apex body that coordinates and maintains standards of university education. The University Grants Commission was established in 1956, modeled on the lines of the University Grants Committee of the UK. The UGC in UK was later disbanded in 1989 and replaced by another institution, which directly reports to the British Parliament. India continues with the legacy of UGC even today. UGC as an institution has core areas of function including:

1. Strategic planning
2. Advice on funding/allocation
3. Quality assurance
4. Decision on student intake/admissions

Though UGC has a critical role to play in various aspects of functioning of HEIs, this institution had very limited authority to take financial decisions independently as it is under the control of the government and doesn't have freedom to take independent decisions to improve the HEIs.

Maintaining standards and quality assurance is done by the National Assessment and Accreditation Council (NAAC). The All India Council for Technical Education (AICTE) is responsible for maintenance of the standards for technical education and the National Board of Accreditation (NBA) that accredits engineering and technical programs. There are thirteen professional bodies that maintain standards in specific professional disciplines and are represented at both the national level and the state level. These organisations perform regulatory functions and take a rule-based view, unlike other international accreditation agencies that have a process view of things, which help institutions to move towards the path of achieving excellence.

Regulations for both public and private universities are almost alike, they have very little or no autonomy in many aspects like deciding the fee structure, faculty, staffing salaries, and so on. Private institutions however have the flexibility to hire

and fire staff and faculty as per their needs. The regulatory view adopted by India clearly goes against the spirit of experimentation, innovation and creative thinking. Too many institutions for generating controls are also a burden to the national exchequer. It is important that the academics are made free from the fetters of such controls and given autonomy to do what they are supposed to do: primarily teaching and conducting research. Some experiments have been done in India, wherein some of the elite Indian institutions have opted for a higher degree of autonomy by choosing not to take up university status and the associated regulatory structures (Box-1). These institutions consequently cannot offer degrees, but instead offer diplomas, which of course, are equally valued in the market.

### **Box 1: New Institutions and Autonomy**

Recently, a number of new private institutions offering professional oriented diplomas have been established in India by thwarting government regulation. Two institutions, Adani Institute of Infrastructure Management (AIIM) and The Indian School of Business (ISB), have been established by avoiding government regulation so that they have access to higher levels of autonomy. These institutions have opted out of university status, choosing not get accredited and have selected to offer one-year programmes as opposed to two-year programmes. These choices allow these institutions to avoid greater central and state regulations. In the case of ISB, which is one of the most respected business schools in the country, the board of the school decided not to undergo accreditation to ensure higher levels of autonomy. For the same reason, the institution has opted to offer a one-year certificate rather than a two-year MBA. AIIM too will be offering only a one-year certificate in postgraduate management of infrastructure to avoid the regulation of the two-year programme. These institutions find that despite not being universities and not offering degrees, there continue to be in great demand for their product as their qualifications are widely accepted as being some of the best in the Indian education market.

Source: Amy Yee, *Learning Difficulty*, The Financial Times, May 28, 2009.

Universities have some substantive autonomy, while private institutions have more leeway where procedural autonomy is concerned. In the case of affiliated institutions, the parent universities regulate admission, curricula design, and examinations for the affiliated colleges/institutions. Academic curricula of professional courses are subject to oversight by their professional councils.

### **ACCOUNTABILITY VS AUTONOMY**

*Accountability is meaningful only to the extent that tertiary education institutions are actually empowered to operate in an autonomous and responsible way.* —Salmi (2008)

Autonomy and accountability both are the critical building blocks for ensuring good governance in public sector institutions. In the past two decades, tertiary sectors

across the world have been increasingly encouraged to adopt practices in tune with market practices so that efficiency and competitiveness can be imbibed by these institutions. This trend has been witnessed increasingly due to rapid changes in the external environment, which renders governments to be unable to cope with the changed circumstances: technology revolution; limited capacities of the government rising awareness and expectations of the citizens; and increasing pressure for answerability to the citizens – value for money.

A World Bank study shows that most countries remain conservative and continue to choose to limit autonomy for the HEIs. The range includes countries like India and Azerbaijan, where HEIs in the public space have very little autonomy, while in countries like Nigeria and Ethiopia the public sector HEIs have been given a significant amount of autonomy. Most countries in south Asia like Bangladesh, Pakistan and others give limited autonomy to their public sector HEIs. There are though different models of providing autonomy by various countries. For example, in Nigeria, HEIs have the right to decide curriculum and are also allowed to determine the student intake annually. In reality, HEIs have to take approvals from many regulatory bodies that go on to set standards for student intake, etc. Although public HEIs, have the freedom to choose not to follow the standards set by the regulatory bodies, they still have the risk of losing public funding in case they do so. Comparatively, private HEIs in most of the countries globally, have substantially more autonomy than their public counterparts, while countries such as Nigeria, Mexico, Tunisia, and Pakistan have given their private HEIs unlimited amounts of autonomy.

There is a study done by Aghion (2007, 2008, and 2009), which shows the importance of autonomy and competition for an HEI to be successful in research and innovation. European universities were studied to understand the common factors for successful HEIs. The various factors that are similar among them include:

1. The institutions do not seek government approval for their spending;
2. Student admission process is conducted in an independent manner away from government control;
3. Institutions are flexible to pay faculty independent of government interference;
4. Institutions have their own infrastructure;
5. Institutions have freedom to hire their staff;
6. They design their own curriculum;
7. These institutions have very low to no funding from government funds; and
8. They have a relatively high percentage of their funds from competitive research grants.

This was a path-breaking research, but it unfortunately did not consider accountability and its role in producing the overall outcomes in terms of national

expectations and vision. The key policy question seems to be getting the right balance between autonomy and accountability of universities. Accountability is a very important factor as governments continue to be significant financiers of higher education. Any discussion on increasing institutional autonomy must also include detailed assessment of how the stakeholders may be convinced that these institutions are held accountable and are delivering their mandated goals. The challenge is to decide how much accountability is optimum. Striking the right balance is the key. Too much accountability can lead to non-performance and lack of innovation and there is tremendous scope for corruption.

## **DESIGNING AUTONOMOUS INSTITUTIONS**

There is a two-fold approach that could be adopted:

**Step 1:** Decentralising decision-making powers

**Step 2:** Categorise autonomy at the operational levels

### **Decentralising Decision-making Powers**

Decentralising the power to manage HEIs can be done in different ways. A suggested model of how governments manage more autonomous institutions in a state-supervised system:

- (i) Delegation from centre to lower tiers of the government;
- (ii) Delegation to a specialised buffer body; and
- (iii) Delegation to the academic institutions themselves.

Most of the systems across the world are covered under the first two models, with states delegating to lower tiers of the government – like in the USA and Germany – where the centre continues to play a central coordinating role and retain control over setting size and scope of the sector, strategic planning, negotiating overall funding with Ministry of Finance, and coordinating with other ministries.

By delegating power to a buffer body, the central government (specifically Ministries of Education) delegate authority over all elements of funding and operations to the buffer body. The centre coordinates broader policy issues. In order to make these buffer bodies effective, it is essential that these bodies have the financial power to make appropriate decisions. Clear performance goals for HEIs could be charted out including providing them with performance incentives and encouraging them to develop strategic plans, financial audits, transparent reporting, performance assessments, and so on. The other way to enhance performance of HEIs is by linking institutions' compliance to access to funds and removing or reducing funding if institutions fail to comply. New mechanisms could be innovated for encouraging HEIs to perform better. One method could be to make institutions eligible for other sources of funding, i.e. competitive funds, etc if they are complying and following



the rules. Institutional autonomy paves way for the state to exit from the day-to-day management of the HEIs them to determine their own path, thus encouraging them to have the freedom to make choices.

### Autonomy at Operational Levels

Jo Ritzen from Maastricht University, in his paper on University Autonomy: Improving Educational Output, mentions that universities deliver more competent graduates and higher quality research if they are more autonomous and well-funded. The four different dimensions of autonomy indicated are:

**Academic Autonomy:** Freedom to deciding on curricula, methods of teaching, areas, and methods of research and other academic matters;

**Financial Autonomy:** Freedom to acquire and allocate funding, deciding on tuition fees, surplus and other matters related to finance;

**Organisational Autonomy:** Freedom to set university structures and statutes, making contracts, electing decision-making bodies and persons and so on;

**Staffing Autonomy:** freedom to recruitment, decide salaries, promotions and such other things related to staff.

Berdahl (1971) classified institutional autonomy into two categories, namely substantive autonomy and procedural autonomy (Table 2). Substantive autonomy covers the sphere of academics and research, specifically autonomy over areas related to curriculum design, research policy, awarding degree, etc. Procedural autonomy covers the non-academic areas, including budgeting, purchasing, entering into contracts, etc. It is found that around the globe HEIs face interference from governments substantially on procedural issues but vary in terms of their interference in substantive issues. In case of Anglo-American countries, there is more autonomy, especially on substantive issues, as compared to other regions. For instance, in the USA, there has always been substantial autonomy, but individual states within the federation vary vis-à-vis procedural autonomy. In Asian countries however, both areas of institutional autonomy are limited.

TABLE 2: BERDAHL'S TWO TYPES OF AUTONOMY

Substantive (academic and research)	Procedural (non-academic areas)
Curriculum design Research policy Entrance standards Academic staff appointments Awarding degree	Budgeting Financing management Non-academic staff appointments Purchasing Entering into contracts

Under state-controlled systems, accountability is universal, intrusive, and quite rigid. Alternative mechanisms of accountability have to be evolved as a systems'

move towards being state-supervised until direct control is relaxed, especially over financial matters.

### **Case of China**

In China, since 1978, reform efforts in higher education have attempted to develop close links between the higher education sector and the market. With the phasing out of the planned economy and the diminishing role of the state, the government became increasingly reluctant to continue to subsidise higher education. In place of subsidies, the country introduced cost-recovery measures, a trend further accelerated by the rapid expansion of higher education in the years since 1999.

In 1993, *the Outline for Education Reform and Development* was developed, which gave all universities more autonomy. A law entitled, 'Higher Education Law' was enacted in 1998, which legitimised decentralisation and autonomy for HEIs and emphasised the need for freedom of scientific research, literary and artistic creation, and other cultural activities in these institutions. The 'Higher Education Law' mandates that the State Council should provide unified guidance and administration for higher education and the local governments shall undertake overall coordination of higher education. The law details out seven domains under which Chinese HEIs are granted autonomy namely:

1. Student admissions
2. Specialisation establishment
3. Teaching affairs
4. Research and service
5. International exchange and cooperation
6. Internal structure and personnel management
7. Financial and property management

The Chinese experience presents an example of how the HEIs were moved from a state-controlled model to a state-supervised model, where institutions enjoy more autonomy in academic and financial matters and in governance and management. There has been great emphasis for decentralisation of HEIs, including a strengthened role for provincial governments. Autonomy has been increased across the domains of teaching, research, and administration.

There is a varying degree of independence for HEIs: in some cases, universities enjoy full freedom of self-determination. For example, universities have full operational autonomy in the appointment of staff and the restructuring of academic and administrative departments but defer to central and provincial governments in the matter of appointments of university presidents and party secretaries. In other

areas, universities may initiate actions and act on their own, but must submit their proposals and documents to the governments after, for example, making changes to disciplinary programmes.

Buffer agencies have been established by the government between universities and governments for the purpose of quality assurance in HEIs. These buffer agencies are affiliated to the Ministry of Education (MoE) and are not really independent. Unlike those in western countries, which are independent from government authorities, China's emerging buffer organisations are often public service units (*shiyedanwei*) under the jurisdiction of governments: with financial support from central and provincial governments, and with tasks and functions entrusted by the governments. Despite acting as extended arms of the government, buffer agencies operate as professional institutions, playing an important role in quality control, performance evaluation, implementation of governmental policies, and consultation on policymaking and planning.

Funding pattern for universities has become very diversified. In 2008, about half of the regular operating costs of the ECNU (about RMB 1,520 million) came from governments, and funds from central and municipal governments accounted for 32.1 per cent and 18.6 per cent respectively. Other funds came from a variety of sources: tuition fees, training, and consultancy projects brought in about RMB 345 million (22.7 per cent), and research contracts amounted to about RMB 279 million (18.3 per cent). A culture of fundraising and donations has appeared, although it has remained minimal, with a total of RMB 10 million in 2006. Both the central and municipal governments now have authority over and responsibilities for quality assurance of the HEIs under their jurisdiction. HEIs have their own internal quality assurance systems and mechanisms; the MoE mainly carries out higher educational evaluation.

## CONCLUSION

In a good governance model for HEIs, delegation of powers from the centre to the grassroots levels is the key to success. The national government need to transform their role from being a regulator to that of being a facilitator and keep away from interference in day-to-day management of affairs of the HEIs. The processes, procedures, and implementation systems in HEIs must be streamlined to become more transparent, responsive, inclusive and democratic. State supervision and oversight must be made more effective.

Within institutions, there is a need to further transfer authority over issues of personnel and resource allocation from the central administration to various academic units. This is to create an environment of shared, cooperative governance between senior administrators and individual academics. Institutions need to aim very high and work on the model of Harvard, Michigan and others in that league, in terms of being world class institutions that are financially sustainable.

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