



ISSN NO. 2320-5407

Journal homepage: <http://www.journalijar.com>

INTERNATIONAL JOURNAL  
OF ADVANCED RESEARCH

## RESEARCH ARTICLE

### Higher Education: comparative review of governance systems

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#### Manuscript Info

##### Manuscript History:

Received: 14 March 2014  
Final Accepted: 13 April 2014  
Published Online: May 2014

##### Key words:

governance models, autonomy and decentralization, corporate and shared governance, commercialization and funding, graduate employability.

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#### Abstract

The purpose of this paper is to provide description of Mongolian Higher education governance system in comparative aspect. Author has analyzed a national schemes of HE governance in Mongolia and other countries. Experiences of reforms provided in different countries in Higher education served as basis for qualitative descriptive analysis. Despite varying approaches to HE governance most of countries have provided a policy on liberalization of HE system. Institutional autonomy and accountability, funding and social responsibility are important component of reforming HE governance.

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## 1. INTRODUCTION: The Imperatives for higher education governance reform in Mongolia

In recent decades Higher education as an engine of economic and social development has attracted a great attention globally. Higher education Institutions around the world, especially those operating in developing countries are faced with demands from globalization and knowledge-based society need to develop innovative strategies to meet emerging challenges. Governments across different countries tried various means to transform their Higher education systems.

Mongolian Government has made serious efforts to enhance a quality and efficiency of Higher education in order to strengthen competitiveness of national economy. Higher education in Mongolia, especially university education is currently undergoing a process of reforming. In the light of the world-wide trends of Higher education development and governance, Mongolian HEIs have faced the more mixed, competitive pictures. (Higher education reform. Road map 2014)

At present time neo-conservative and neo-liberal approaches to Higher education have emphasized economic rules and cost efficiency of HE. Advancing academic capitalism in HE is directly connected to the corporatization of HE governance. Public universities in EU and Asian countries have experienced re-engineering in academic and research activities, focusing on market-oriented curriculum, employment-oriented programs, conjunction of applied science with industry for the developments of patents. (Slaughter, S. & Rhoades, G. 2004, p. 40)

National Government in large countries like China, Russia have provided the policy on system-wide reform in Higher education which at initial stage has top-down orientation. Many Governments in Asian region (India, Malaysia and Singapore) have launched a considerable range of innovative projects in Higher education governance.

In Mongolia, Government in 2012 year has approved a policy in reforming Higher education. Mongolian public Higher education has been restructured through mergers of HEIs within and across sector. Mongolian National University and other public universities are example of such structural reforming with orientation to emphasize research and also entrepreneurial activities. Private universities and colleges also are merged into more corporative

structures. Higher education reform is based on external and internal processes. Government policy on HE reforming leads to changes in legal status of Higher education Institutions.

At present time rapid changes at market have insisted diversified needs in Higher education service. HEI are to serve multi-clients beside traditional full time students (part-time students, short-term programs, on-line courses to employers and professionals). Research products of HEIs are applied to business and technology innovation. Expansion of HE services means new market segmentation and positioning strategies for HEIs.

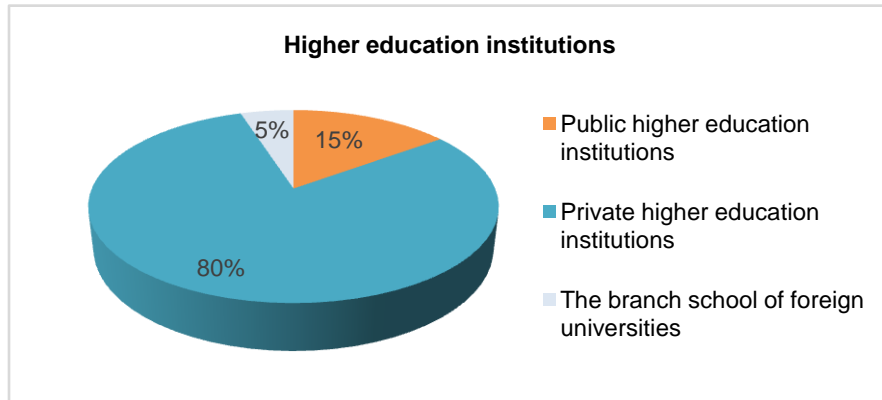


Figure 1. (Higher education: statistics. 2014, p.1)

Adaptation to changing environmental forces, performance control and social responsibility, management of diversified human resources are emerging challenges for Higher education management in Mongolia. In Mongolian HE sector a public funding mechanism referred to Government objectives and increased accountability. Desired autonomy for universities must come into contradiction with public funding requirement and state loan for students. Today HEIs in Mongolia have faced management challenges at global and national levels. Workplace diversity, international competition and reform in secondary education, complexity of the environment have caused change in HE paradigms. HEIs need to function as an open system. This feedback is significant for HE governance at national and Institutional levels.

## 2. HIGHER EDUCATION: Changes In Institutional Governance

Internal and external forces of Higher education drive the need for change in governance. There are common trends in Higher education reforms at nation-wide system level. National systems differ in the organization of governance in universities. In EU countries university management is presented in following types: continental model (authority is distributed between faculty and government bureaucracy), British model (authority is distributed between faculty and institutional boards). US model (authority is distributed between boards and president) is one of the effective systems in HE and has taken place in Asian countries like Japan and Korea. (Transnational education and student mobility in Asia. Higher education policy. 2012, p.189)

In many countries university governance has been introduced in models of bicameral governance (governing board, or board of trustees and university council) or tri-cameral governance (board of trustees, university senate and university council). Shared governance is defined as process for distributing authority, power (Alfred, R. L. 1988, p. 21) and included the Board of Trustees, academic council, faculty, staff, and students.

Governance arrangements in HEIs of EU, USA and Asian countries have significant differences. Multi-actor interplay in HE has specific aspects. In US multi-campus universities leave a high degree of independence to individual parts of the institutions. In Japanese HEIs decision making processes are governed by principles of participation and transparency and academic and administrative planning should move hand in hand. (Fabrice Hénard & Alexander Mitterle. 2008, p. 90)

In HE system the objective has been to find a balance between collegial academic structures and new corporate governance arrangements. This trend is common to HE system in European and Asian countries. In Mongolia jurisdictions have revised traditional academic structures to be more oriented to a research and reasserted the importance of faculty and student participation. Main aspect of changes in governance concerns Institutional

autonomy. Institutional autonomy has many faces. University autonomy differs along two dimensions: structural freedom and stakeholder involvement. Representation of stakeholder involvement in internal governance is different in terms of roles and responsibilities. There are specific differences in policy making and decision making roles, advisory and executive functions of boards, senates and councils. In comparison with other countries like China, Russia, Korea, in EU countries degree of autonomy for institutional leadership is varied. For public universities in Europe, also for top universities in Russia and China the organizational autonomy concerns the power to decide own internal governance structures. In Russia federal universities, in China top 100 universities have more autonomy in above named matters. (Weiping Wu, 2010, p. 16) In 2013-2014 years Mongolian public universities have implemented reform in terms of internal governance structures to enhance research in accordance with research or entrepreneurial orientation of higher education institutions.

In Mongolia Board of Trustees at public universities is main body determining a policy and strategy. According to university regulations academic councils operate as an advisory bodies, but have also executive authority to oblige to implement their decisions. Council under president has executive authority to make decisions on academic and administrative affairs. The members of university councils are appointed without government intervention using the idea of supervisory body representing the interest of society. In Mongolian universities the members of university boards particularly appointed without government intervention. Internal members of the Board are elected by the University. Rector is appointed by the Board with strong external representation. In some European countries there is more flexible mechanism to elect Rector with participation of academic staff.

In Mongolia the rector appoints the deans. In EU and other countries deans must be appointed or elected. In case of the rector and dean there are differences in top-down and bottom-up, or mixed approaches. Mongolia also has assumed a hybrid posture by introducing elements of new public management. There is difference in degree of intervention of external stakeholders. (Jo Ann. Ewalt, 2007, p.18)

In Mongolia public HE Institutions have University academic Council and Council under president of University (HEI). In Mongolian private HE Institutions board of trustees has main power in decision making and financing.

In Mongolian private HEIs is an explicit recognition of stakeholder interest. But the entrepreneurial model of governance is not applied to private institutions because of lack of technological and research resources. Only technology oriented universities as Mongolian university of Science and Technology or Agricultural University have an advantage to apply the entrepreneurial model of governance. In Mongolia last years quality and value orientation of academic and research services, continuous improvement processes are emphasized in public universities which present support to applying New public management implementation. There are serious problems with building accountability, performance-based funding, and transition from centralization to decentralization.

System-wide approach to HE management in Mongolia reflects internationally recognized criteria and requirements. Mongolian HEI have accepted necessity to apply above named requirements and indicators. There is problem with system framework which needed a serious changes.

### **3. INSTITUTIONAL AUTONOMY AND GOVERNANCE**

Policy autonomy is important component of Higher education institutional governance. In most of European countries public universities have implemented medium to high levels of policy autonomy. Mongolian HE Institutions has medium level of policy autonomy in terms of academic and research programs, student selection and staffing. This is common for public and private HE Institutions. Determination of teaching and research programs is matter of confirmation at level of Ministry of Education and Science.

In Mongolia Government agency has established quality standards for academic programs, admission policies and criteria. A faculty is involved in curriculum and program management. Universities enjoy more autonomy in teaching and recruiting faculty. Financial autonomy is limited. Curriculum innovation, commodification of credit courses, technology-based instruction and public-private partnerships in research with active participation of faculty and students are important for reforming HE Institutional governance.

Academic standards and curriculum, student achievement grading, advancement in academic status and ranking, research support are matter of collective decision making and planning. A question is how to integrate these principles of shared governance into corporate governance models. Importance of corporate governance is raised with restructurisation of Higher education Institutions.

In Mongolian public universities the governance structure is commonly based on representation of study fields, academic programs and number of students. Funding formula for academic programs mostly is based on credit cost.

According to reform policy, large public universities have emphasized research or entrepreneurial orientation which requires serious changes in governance structures. Government has encouraged entrepreneurial orientation for engineering and agricultural universities, but Higher Education Institutions feel a lack of interest from the side of business and industry. In terms of public - private partnerships, private HEIs have more freedom to work in close cooperation with a business and industry.

Research and entrepreneurial activities of HEIs is closely connected to the level of sophistication of the private sector. In Mongolia the private sector cannot fully support to national innovational system. Multinationals do not provide necessary complementary factors to growth R&D. Not only Mongolia, but most middle income countries have faced similar problems. Membership in international patent agreements, patents relative to international standards do not respond to needs of economic development. Organizational tensions between fundamental and applied research in universities, collaboration with research institutes under Academy of sciences require continuous attention from management. Mongolian HEIs need to apply contemporary specific techniques of management as a job rotation, consultative decision making, team emphasis and promotion and career development etc.

In Mongolia HEIs have offered long-term employment to faculty and staff members. But this type employment in Universities and colleges is not effective. Long-term employment in America and other Western systems are closely connected to evaluation and promotion, consensual decision making and individual responsibility. In Mongolia career paths, responsibility taking and organizational philosophy are not effectively integrated into organizational behavior.

Salary for the public universities is a result of national negotiations resulted in national wage agreements. It means that the Board and members (stakeholders) representing Government in the Board have direct influence in human resource management. But in determining the conditions of employment Institutional leadership has more power. Vocational colleges have positive features for the model of governance which is sensitive to "business" related changes in market. In public universities a notion of pluralistic visions and academic freedom means extensive use of Cellular model of governance and power sharing in decision making. In that's way new developments in public and private Higher education raised a question of Hybrid models of governance.

Analysis of the internal and external dynamics is closely associated with governance change. Responsiveness of HEIs to stakeholders needs, its connection with internal processes in some way requires multi-faceted approach to governance.

According to results of analysis of management processes in Mongolian HEIs, centralized decision making in private colleges has reduced an efficiency of academic programs and cannot meet requirements of High performance. There is one of reasons of low competitiveness of private HEIs. In large public universities group decision making has caused more complexity and diffusion of accountability as a negative effect of decentralized management.

#### Characteristics of internal governance structures

Characteristics	Public HEI	Private HEI
Openness	61	48
Accountability	56	40
Significant participation	43	31
Effectiveness	56	48

Coherence (policy-based)	51	55
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Results of interview with 100 respondents

Encouraging entrepreneurial and research activities in Higher education, Governments have introduced more corporatized business model in Higher education. Reorientation of academic curriculum toward business oriented market designing, commodification of courses lead to commercialization of academic and research programs.

Development of governance schemes in which boundaries between public and private sectors have become blurred refers also to HE. Governance concepts like New public management is one of the ways to reforming HE governance in Mongolia. But changing the culture of the organization is getting more difficult.

Competitive strategy of HEIs drives new ways to create more value for HE academic programs and research. New value network of HE is the context within which HEIs should develop innovative Hybrid models.

Key issue for business-oriented models is the extent to which university managers are able to modify Government policy and funding mechanism. Partnerships with policy makers, industry and business community is significant component of external leadership in HE.

#### 4. FUNDING AND ACCOUNTABILITY

Important area of autonomy is financing which includes the ability to decide on the internal allocation of public funds, to diversify income sources. Public universities in EU have medium to high levels of financial autonomy. In comparison with universities of USA, EU, HEIs in Asian countries has medium or medium to high level autonomy in financing. In Asian countries Governments have enhanced more autonomy to top universities and public HEIs. In China and Russia top public universities also have same degree of financial autonomy. (Jan Sadlak, 2012, p.9)

In Mongolia according to the law of Higher education public HEIs have medium level of financial autonomy. The influence of stakeholders in determining the internal financial policies of private HEIs is high. There is also a difference in degree of stakeholders involvement with respect to profit or non-profit status of HEI.

For public HEIs Government has more power to determine budget but resource allocation is a decision taken by Board of HEIs. Government agency has established quality standards and is involved in setting tuition fees framework. Performance funding which included indicators as the percentage of students who complete their degrees, number of research papers per faculty in major research journals, employment of graduates is meaningful for university autonomy. Multi-year funding contracts, lump sum system with emphasis on outputs allow government to have different contracts with different institutions.

Effectiveness and efficiency of HE is complex indicator of HE system performance. In this connection monitoring system provided a valuable foundation for the analysis of national HE system.

At present time an issue of social responsibility of HEIs refers to accountability requirements. In European countries public HE Institutions have medium levels of interventional autonomy. In China accountability requirements are important characteristics of HE. In Mongolia reforms have increasingly obliged public and private HEI to account for their academic activities and spending. The employment rate of graduates, students achievement serve as basic indicators of social responsibility and closely connected to funding policy.

A shift of from an inspection-oriented approach to faculty involvement in the prevention of quality problems, focus on the students and labor market needs, benchmarking for academic and research services are attributed to management of HEIs in Mongolia.

In Mongolia a relevance of HE system to social needs is a matter of criticism. A shortage of graduates in the more practical fields such as the sciences and engineering, weak knowledge creation and quality standards have negative impact on national economics. Graduates from social sciences and humanities have more difficulties with career opportunities.

Massification of student enrolment leading to diversification of institutions and programs has direct consequence to employability of the graduates. Negative correlation between HE and graduate employability and low research output have increased academic inflation.

Students of HEIs have noted increased access to higher education against an employability of graduates. But economic access to HE, to best universities is limited. People involved in interviewing in public and private HEIs have criticized the quality of teaching and learning which is closely related to criticism of Government and business people about the efficiency of the HE sector.

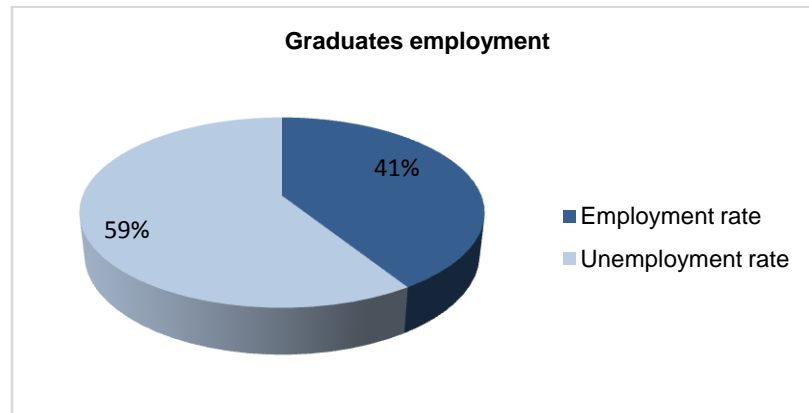


Figure 2. (Higher education: statistics. 2014, p. 6)

In order to improve quality of HEIs and employability of graduates Government has introduced a strategy of diversified funding giving more attention to multiple sources of income as a research grant, business contract, student loan. Government has emphasized significance of performance - based funding and negotiated budget for public universities.

In Mongolia Government provides policy to consider in students loan mechanism a rate of employment of graduates for previous year and student achievements. This is an attempt to introduce performance contract mechanism in HE funding. Grant based funding is also related to supporting research activities in public and private universities.

Analysis of efficiency and effectiveness of Mongolian HEIs in terms of monetary and non-monetary parameters require an application of complex techniques beside traditional descriptive methods. There are difficulties with the identification of input and output components in HE. Performance-based and output oriented funding policy are closely connected to Government policy to improve social responsibility of HEIs.

## DISCUSSION AND CONCLUSIONS

Comparative analysis of HE governance allows us to conclude that Governance reforms across different countries in Asia and EU differ in terms of content and political backgrounds. In number of countries state regulation is still limiting institutional autonomy. In EU countries Governments have enhanced institutional autonomy. In China and Russia top public universities are delegated more autonomy. In Mongolia Government has approved policy to offer more autonomy to public universities.

Comparative analysis confirms that in Higher education are some general patterns including concentration of power in central administration, use of performance-based funding, presence of external members in university governance, strict systems of institutional and program accreditation. Changes in Mongolian HE compared in detail with the reforms in other countries have important differences. In terms of establishing university senates or boards, their power and responsibilities, statutes of executive top managers (president, rector), mandates of middle level managers (deans etc.). HE governance reform in Mongolia is becoming more complex and dynamic. The reform links Higher education to other important domains as an Academy of science, National innovation centers and areas of sophisticated business.

Mongolian HEIs enjoy more organizational autonomy, staffing in comparison with HEIs in post-socialist countries. The financial autonomy for public universities is limited. The academic autonomy (curriculum, program, research) for public and private universities is limited because a quality standards are usually approved by Government agency.

Traditional notions of collegiality and consensus-based decision making are under pressure in HE. Corporate management in entrepreneurial oriented public universities must cause limitation of openness and participation as elements of good governance at institutional level. In public and private HE Institutional organizational autonomy required new rational hierarchies in management and new models of communication with decentralized units (schools, department, research institutes). Contractual relationships between Ministry of Education and Science and public HEIs has triggered an interest in integration of governmental steering instruments as a standardization and output measures, funding and investment.

Government has provided a policy to offer more autonomy to HEIs asking these institutions for more accountability and social responsibility. In that's way Government has emphasized performance-based funding and quality assessment and introduced effective systems of quality assessment using internationally recognized standards and techniques.

Finally, comparative analysis has shown that various theoretical and political paradigms of Higher education governance has emphasized global partnership at national and international levels to build multi actor "education-science-technology-innovation" systems. This is common trend in world-wide Higher education development and governance.

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