University Autonomy – Yet Another State Requirement

Analysis of Decentralization Efforts in Higher Education of Georgia

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Abstract
The study focuses on system-wide higher education reforms that were launched in Georgia in 2004. It calls into question an overall enthusiasm and positive attitude towards these reforms and poses the question: Have higher education reforms been successful in Georgia? Analyzing a case of university autonomy, this study concludes that autonomy-g geared reforms produced façade changes and have failed to achieve system-wide transformation in this area. Universities tend to treat granted autonomy as another state requirement to which they have responded with superficial compliance. The analysis covers policy developments of 2004-2010 years and looks at three dimensions of university autonomy: institutional, financial and academic autonomy. Conclusions derive from the outcome analysis of the decentralization efforts in the higher education system of Georgia.

1. The case of Georgia in focus
The article focuses its analytical lens on the higher education (HE) reform processes in Georgia with a particular attention paid to the initiatives concerning university autonomy. After the 2003 revolution, Georgia emerged as a potential success story in reforming its higher education system according to European standards\(^1\). Georgia committed to the higher education modernization agenda in two bilateral agreements: The Millennium Development Goals (MDG) Georgia in 2004 and Bologna Process, in 2005 and pursued its goal with almost immediate international recognition. As United Nations Development Programme (UNDP) mentioned in its report, according to the survey conducted by Transparency International (TI): ‘(...) education reform was the single policy issue recognised by nearly all the

interviewees as a success of the current government. In 2007, the Trends V report, biannual assessment of Bologna member states' progress in following Bologna guidelines, assessed Georgia as a success story in implementing Bologna action lines. However, this and similar positive assessments of international and local (governmental) actors came in contradiction with the assessments of local actors that were directly involved in the reform implementation process, thus raising questions in regard to the actual success of the reforms. This concern was indirectly depicted in TI's further assessment of the reforms: 'Georgian educational reforms get more unqualified positive support from the opposition, as well as local and international NGOs, than reforms in any other area' (the author's emphasis).

My research calls into question an overall enthusiasm and positive attitude towards the reform of higher education in the country. On a particular case of university autonomy, the study attempts to answer the question: Was the higher education reform successful in Georgia? In order to answer the question, the analysis developed in two directions. First, it assessed whether the enabling regulatory framework allowed for considerable decentralization within the system and whether it actually granted autonomy to the higher education institutions. Second, it assessed the capacity of the universities, as of actors in the reform, to absorb the granted autonomy.

1.1. Impetus for the higher education reform

Large-scale reforms that were launched in 2004 were made possible by a radical change in the composition of Government of Georgia (GoG) after the 2003 revolution, one of the ‘color revolutions’ that took place in post-Soviet countries in the wake of 21st century. A new, pro-Western government decided to launch system-wide reforms to transform the country into a liberal democracy and integrate with Europe. For the specific field of education, according to MDG Georgia the country committed itself to ‘Ensure Coherence of Georgian Educational Systems with Educational Systems of Developed Countries

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3 Crosier et al., Trend V.
4 UNDP, p. 44.
5 Ukraine and Kyrgyzstan being the other two.
through Improved Quality and Institutional Set-up\textsuperscript{8}. In higher education sector, Georgia committed itself to ‘ensure establishment of an accreditation system; [and achieve] institutional coherence with modern tertiary education systems’ by 2015\textsuperscript{9}. The most obvious step in this direction was a decision to join the Bologna Process, formally completed at the Bergen meeting of the ministers in charge of higher education of the Bologna countries in May 2005. In view of this affiliation, Georgian higher education system was set to become part of the European Higher Education Area. In order to do so, the national higher education system had to adopt a three-cycle degree system, establish a quality assurance system, and institutionalize a degree recognition process\textsuperscript{10}. Together with these action lines, the autonomy of higher education institutions was highlighted and subsequently, was reflected it in the new Law on Higher Education\textsuperscript{11}.

1.2. Autonomy in a spotlight

The commitment to the university autonomy as an imperative for the higher education reform was first voiced in the MDG Georgia and later, reinforced through the Bologna Process. As MDG Georgia articulated, ‘[t]he main objectives of tertiary education reform should include the full autonomy of tertiary institutions, the establishment of a competitive climate for public and private institutions, the eradication of the state order tradition and the introduction of the ‘money follows the student’ system’\textsuperscript{12}. The reasons why the autonomy of higher education institutions has been repeatedly emphasized in the policy recommendations of the international community (represented by the foundations and international organizations active in the country) were twofold. Firstly, it was portrayed as a counter-action towards the Soviet centralized system that had gained negative reputation over the course of the past 20 years of post-Soviet transition. Secondly, the idea of creating autonomous decision-making actors

\textsuperscript{8} UNDP, \textit{Millenium Development Goals in Georgia}, (2004), Goal 2. p. 28.  


\textsuperscript{10} “The European Higher Educaiton Area - Achieving the Goals”, \textit{Based on Bergen Communique} (Communique of Conference, Bergen, 2005).


\textsuperscript{12} UNDP, \textit{Millenium Development Goals in Georgia}, (2004), pp. 31-2  
in the higher education space was part of an overall decentralization process of the state apparatus in Georgia along the lines of New Public Management principles\textsuperscript{13}.

Domestically, government’s motivation to provide higher autonomy to the higher education institutions primarily carried practical considerations. Over the course of the years of post-Soviet transition, the country had suffered significant resource erosion and maintaining higher education institutions under the state-subsidy was a tremendous burden. Therefore, recommendation of the international organizations to grant institutional and financial autonomy to higher education institutions appealed to the government as it could reduce the financial responsibility of the state in this area. As one of the top public officials explained it, the state was moving towards minimizing its financial responsibilities towards the higher education institutions and at the same time, boost competitive environment among the higher education institutions, which would in the end reveal the survivors (R 39, Public official 8\textsuperscript{14}).

Combination of external pressures and internal motivations to grant autonomy to the higher education institutions was reflected in the Law on Higher Education, ratified in 2004. In this research, provisions in the Law regarding the university autonomy were used as benchmarks to which the actual state of affairs in the higher education system were compared. However, before turning to the analysis of the implementation of autonomy-related reforms below I discuss the conceptual premises of the study and present main definitions that were employed. In the consequent section, the rationale behind data collection is explained. The analysis addresses matters of institutional, academic and financial autonomy and assesses whether the autonomy-related reforms have succeeded in the country. In a concluding section, system-wide effects of decentralization efforts are discussed.

\textsuperscript{13} Thatcharian governmental reforms of deregulation and privatization labeled as New Public Management became a popular remedy that was/is often advocated by the international donor organizations in the developing countries and the post-Soviet bloc.

\textsuperscript{14} In the article, anonymity of the interviewees is maintained. Their names or positions were not disclosed and instead three labels were used thorough this text: Public Official, Higher education institution (HEI) and Local Expert, to indicate their professional affiliations. The respondents were also assigned numbers within these labels. Hence, the quotes were referenced in the following manner: PO 1, and R2, HEI 1, Local Expert 1, accordingly.
2. University Autonomy – conceptual considerations

University autonomy carries multidimensional character. There is quite an extensive list of what authors in the field regard as dimensions of the university autonomy, but most of the authors largely agree upon three. These are institutional autonomy, financial autonomy and academic autonomy. The institutional autonomy refers to the ability and the authority of a higher education institution to determine its own goals, appoint its governing body, choose and employ its own staff\(^\text{15}\). The financial autonomy refers to the capacity of the HEI to acquire and allocate funding, to set tuition fees, and to own and manage buildings. Main point of divergence among the authors lies in defining academic autonomy. Some authors like Berdahl\(^\text{16}\) make distinction between academic freedom and academic autonomy. The author claims, that academic freedom is not one of the dimensions of the HEI along with the institutional and financial autonomy. Berdahl suggests that academic freedom belongs to the individual academics. He distinguishes this concept from the substantive autonomy (i.e. academic autonomy) that denotes the power of the institution to determine its own goals and programs, and procedural autonomy (i.e. administrative/organizational autonomy) that underlines the power of the institution to determine the means by which its goals and programs will be pursued\(^\text{17}\). European University Association (EUA), in its autonomy scorecard defines academic autonomy as a capacity to define the academic profile, to introduce degree programs, to define the structure and content of degree programs, (...) and the extent of control over student admissions\(^\text{18}\). Throughout this study, I employed these three definitions of the academic, institutional, and financial autonomy and traced the elements of all three in the Law on higher Education of Georgia.

3. Data Collection

The study combined two modes of data collection – document analysis and in-depth interviews. Several types of documents were analyzed: international assessments and reports (UNDP, 2008; MDG Georgia 2004 among them), MES reports (2007, 2008, 2009), Law on Higher Education of Georgia (2004 and its

\(^{15}\) T. Estermann, T. Nokkala, University Autonomy in Europe II: Exploratory study, (Brussels: European University Association, 2009).

\(^{16}\) R. Berdahl, British universities and the state. (Berkeley: University of California Press, 1977).

\(^{17}\) T. Estermann et al., University Autonomy in Europe I, (2009), p. 29

\(^{18}\) T. Estermann et al., University Autonomy in Europe I, (2009), p. 7
major subsequent modifications), reports and legal documents produced by National Center of Education Quality Enhancement (2005-10 years) and Bologna-related third-party assessments/evaluations, both domestic and international. Various documents of the universities included in the sample were also analyzed: statutes, self-assessment reports and basic quantitative data that institutions had accumulated over the past several years.

In-depth interviews were conducted in 2010, 2011 and 2012 years during four separate visits in Georgia. The study targeted three levels of the policy implementation chain: top – the Ministry of Education and Science; middle/intermediary – National Center of Education Quality Enhancement (previously National Education Accreditation Center); and the bottom – higher education institutions. Out of 15 accredited public universities I selected five, three in the capital, and two outside the capital, representing education centers in the western and eastern regions of the country. Within the university hierarchy, I targeted three levels. Top management was represented by a rector (or the vice rector) of the university and a chancellor (Chief Operating Officer), and two self-governing bodies – university senate and academic council, and representatives of quality assurance units. At the level of middle management, I interviewed deans of academic departments. At the lower level of hierarchy, I met academic staff – professors and/or assistant professors. Third party stakeholders, those non-governmental organizations that worked in the higher education sectors were also approached. Overall, 45 in-depth interviews were conducted and subsequently, coded and analyzed.

3.1. Level of analysis

This study employed outcome analysis to assess effectiveness, i.e. the level of success of the university autonomy. Outcome analysis unfolded the complexity of policy implementation and captured more dimensions of the process than it was visible in the already available reports and assessments. For instance, governmental reports sought to find correspondence of the reform’s results with the political goals of the country, therefore the analysis of the progress of the reform was capturing the political dimension of the process. The international community (e.g. represented by EUA) largely focused on the introduction of structural changes in the system that were related to the university autonomy, assessing input-output relationships and the level of efficiency of the obtained results. Instead, outcome analysis

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19 The Universities are those HEIs that offer three levels of education – bachelor, master and doctoral, thus incorporating both teaching as well as a research components. I focused only on public universities, because introduced changes were mandatory for them, unlike private HEIs. Therefore, the shifts in the system were, presumably, more observable and tangible in public universities.
traced the effects of implemented actions beyond immediate results and assessed whether introduced structural changes were or had a potential to become functional.

4. University Autonomy – the analysis

To answer the question, whether the reforms related to the university autonomy were successful, the analysis advanced in two directions. First, it traced changes in the Law over time, from 2004 until 2010 to verify whether the system actually had moved towards more decentralized conduct, as it was described in the Bologna Process Stocktaking Reports of 2005\textsuperscript{20} and 2007\textsuperscript{21}. Secondly, it analyzed whether the universities were able to absorb granted autonomy. Put differently, the analysis assessed whether the enabling regulatory framework allowed for considerable decentralization within the system as a first stage of the reform. Further, the analysis assessed the universities’ capacity to act independently.

Keeping in mind general conceptual considerations discussed in the previous section, the launching point of the analysis was the Law on Higher Education of Georgia. It is worth mentioning that 2004 onwards, until 2007 there was no explicit higher education policy that guided educational reforms. In absence of the policy blueprint, the Law on Higher Education of Georgia became a guiding document of the reform for the parties involved. This was the main document that enabled system-wide changes and provided the regulatory framework for its enforcement. For the purposes of this research, based on the Law, main parameters of university autonomy in the Georgian higher education system were defined. Later, these parameters were employed as benchmarks and the actual state of affairs in the higher education system was compared to them.

Below main developments with regards to three dimensions of autonomy are overviewed. Institutional autonomy referred to the process of decentralization and mainly discussed self-governance initiatives. Academic autonomy included the effects that development of quality assurance system had on academic activities. The regulations regarding student admissions were also included in this section. Financial autonomy analyzed the ability of higher education institutions to manage its funds and identified main external and internal obstacles in this regard.

4.1. Institutional Autonomy

Institutional autonomy or self-governance is highly emphasized in the Law. However, while state granted autonomy to higher education institutions as to the independent decision making bodies, the same Law defined the mandate of these institutions to a greater detail. It stressed that universities determine their governing bodies, employ staff and decide about the internal personnel policy, employment criteria, the forms and amount of remuneration, the quota of students and additional criteria for their admission, the norms of ethics and disciplinary responsibilities. Moreover, it defined the mandate of a Rector that in turn became an elected position. The Rector would nominate a Chancellor (head of administration) and the Senate (the representative body of the HEI) would approve him/her. UNDP also reinforced the importance of existence of these elements for the university governance. The supreme decision-making bodies of the universities, the Academic and Representative Councils, are elected by all professors on the basis of direct and equal elections. One third of the members of the Representative Council are students. The University Strategic Plan, curricula, principles of selection of academic personnel and other academic and administrative issues are made openly by the elected representatives. Like the Board of Trustees, this is intended to help democratize university life.

Contrary to the above assessment of the UNDP, the interviews revealed that university life has not been democratized. It rather carried on in its past curved path leaving elements of self-governance, introduced in the system, as another administrative add-on to its organizational set-up. Higher education institutions made an effort only to demonstrate the existence of relevant procedures in the university life. On the questions regarding the mandate and work of academic council or the senate respondents usually resorted to the explanations such as: ‘Everything is in accordance with the Law’ (R20, HEI 4) and ‘we follow internal procedures’ (R21, HEI 4), or ‘you can check the minutes of the (council) meetings on our website’ (R22, HEI 4). In other words, higher education institutions were more concerned to comply with the regulations and MES requirements, rather than making newly introduced bodies such as academic council or the senate, effective.

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The main reason why this problem developed was that the Law hardly left the room for higher education institutions to act independently. More specifically, the public higher education institutions could be established only according to the criteria stated in the law; the minister approved the title, aims, function, activities and property of the university\textsuperscript{26}. The election rule of the members of the Senate and the Academic Board were defined by the Law. The procedure for rector’s election was also stipulated in the Law. The decree on ‘Approval of the Statute for the First Elections of Legal Entity of Public Law – HEIs’ Managerial Bodies’ was signed by the minister in 2006, i.e. the state provided unified procedure for the election\textsuperscript{27}. In addition, the election process had been repeatedly contested by involvement of the MES. In 2005, the rectors of all five universities included in the analysis were dismissed and new acting rectors were appointed. Within one month from these appointments, first elections took place. In all five universities, acting rectors were elected to the position. Later on, the rectors of several universities were dismissed and replaced by new candidates. However, these dismissals or new appointments were not initiated from within the universities, but from the outside. This created mistrust among the faculty as well as the representatives of non-governmental sector towards the ministry’s genuine intentions to decentralize the higher education system and ‘set the universities free’ (R7, HEI 2).

The reasons to ‘decentralize under supervision’ were voiced by several government officials in the interviews. The policy makers were reluctant to grant autonomy to the HEIs, because the universities and the academic community was considered to be weak and backward and hence, incapable of ‘correct’ independent action. ‘In reality, the quest for no interference (from the universities) is not there. If [the state] did not interfere, [the universities] would act as abandoned children’ (R 33, PO 2). In addition, the policy makers had envisioned to reach system-wide progress at a short time and in order to do so the changes were institutionalized through a thorough transitional legislative framework.

‘The system that was designed was quite rigid and applied to all universities. … We had to create a system that had never existed before. Professors did not have enough information on how universities were governed abroad. … In absence of previous experience [and awareness] of civic responsibility, there was a fear, that [professors] would not be able to take this responsibility, unless the law regulated the process of reform implementation.’ (R42, PO11)

\textsuperscript{26} 2011 amendment to the Law public universities were granted a non-profit status. In the light of these changes, these obstacles have slightly decreased.

Obviously, the legislative framework was formulated in a preventative manner to avoid errors in the fragile system at the expense of actual university autonomy. This point was also reinforced in the interview with the government official, who claimed that deviations in the newly created higher education system were addressed by issuance of additional decrees, which undoubtedly suspended previously granted autonomy of the universities (R42, PO11). These actions somewhat dwarfed the original intentions of the policy makers and the changes introduced in the system were never understood as a move towards decentralization or autonomy, but rather as an alternative way of centralization. Consequently, most of the universities have reacted to their increased mandate with superficial compliance. The governing bodies never actually became decision making units at the universities. The division of power hardly materialized and the university remained an oligarchy where the authority of the rector was supreme. Further on, with constant intrusion of the MES in the election processes of rectors of main universities the illusion among the universities that the state actually intended to withdraw vanished.

The exception to the overregulation discussed above were decision-making powers of academic staff employment and university reorganization. The provisions in the law in this regard were limited to the statement that the public universities are free to employ their own staff and develop their own personnel policy. This general statement allowed for some flexibility and gave way to the bottom up actions as opposed to the dominantly practiced top down approach of the reform. This provision envisioned large-scale reorganization in the higher education institutions and aimed to introduce an element of competition within the academic community (R1, HEI 1; R38, PO 7). However, by the time when the provision was introduced, the ministry had a vague idea of how to actually proceed with the changes in HEIs. The idea of competition was crystallized by the representatives of one of the universities.

‘The competition was first introduced at two faculties, mine (IR) and the Law. When we met with the ministry, they did not have a clear idea of what was meant under the open competition. … When they saw what was happening on our faculty, they decided to introduce the same process across the HEIs’ (R2, HEI2).

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Consequently, the ministry unified this practice across the HEIs and academic staff was hired on the contractual bases, which are revisited every three years. This change had a positive effect and indeed was the first attempt to devise objective selection criteria and fair conditions (R43, Local Expert 1; R8, HEI 2; R15, HEI 3). Academic staff employment remains in the realm of the university decision making and is considered as a positive development throughout the system by both the ministry as well as the university representatives. The only concern that is usually raised by the academic community is instability of their positions, because they are hired on the duration of three years.

To summaries, institutional autonomy has been legally provided to the universities, i.e. the enabling mechanism for the higher education institutions to have intuitional autonomy is present. However, this very enabling mechanism has curbed the institutional autonomy of the universities through overregulation. As a result, self-governing bodies do exist in every public higher education institution, as this is required by the Law, but by 2010 there were very few higher education institutions that practiced self-governance. The same idea is encapsulated in the UNDP’s statement: ‘While the aspiration to ensure broad participation in the universities’ governing structure is admirable, the Law provides neither mechanisms of accountability for members of Representative and Academic Councils nor mechanisms to ensure their independence in decision making’.

This also answers the question, whether the universities have been able to absorb the institutional autonomy. It might be premature to judge upon the capacity of the universities to exercise the agency, because the changes have been too sudden and perhaps six years are not enough to absorb them. However, in one particular instance of academic staff employment, it became obvious that in the areas where the regulatory framework allowed for flexibility, bottom up actions were observed.

4.2. Academic Autonomy

The Law does not separate three components of university autonomy. It provides one general definition for autonomy, which combines the elements of academic, institutional and financial autonomy. Following section refers to the academic autonomy: ‘freedom of an HEI to determine independently its strategy, methodology and contents of teaching and research’. Within this component of academic autonomy, in addition to its primary components as defined in the Law, I have incorporated the level of

freedom of the institutions to define the number/quota of student admissions in the university. According to the Autonomy Scorecard, this component affects the academic autonomy31 of the university. In this section the attention is paid to the ability of the HEI to manage its own academic content as an autonomous actor.

When analyzing academic autonomy broader underpinnings of the Bologna-motivated developments were taken into account. In particular, an ongoing implementation of three-cycle education scheme, national quality assurance arrangements that were to be guided by the European Standards and Guidelines32 and the National Qualification Framework for Higher Education influenced by the European Qualification Framework33. These components were to systematize academic work and bring certain clarity regarding the quality of education in the country. The education system turned out to be in a surprisingly poor condition. The academic programs lacked structure, duplication was omnipresent and many of the programs simply had no counterpart on the international education space. A very illustrious example was an academic program of bio-medical-ecological genetics (R44, Local Expert 2; R1, HEI1; R5, HEI1). When in 2005 the institutional accreditation was introduced in the system, it aimed to eliminate these redundancies and bottlenecks and streamline the educational practice within the HEIs. Accreditation was made mandatory for the public higher education institutions. Otherwise, the state would not recognize their degrees and more importantly, they would not be eligible for the state funding. The standards of institutional accreditation defined templates of syllabus, number of credit hours per course and per program, and alike3435. Thus, these quality assurance measures became state requirements, which in turn were reflected in the internal regulations of the universities.

Since these technical issues, such as course syllabus, or calculation of credit hours per course were absent in the universities, quality assurance units first, introduced those in the HEIs and then checked their compliance to the accreditation standards (R11 HEI2, R44 Local Expert 2).

33 Based on T. Estermann et al., University Autonomy in Europe I (2009)
‘Quality assurance so powerfully entered academic work, that it overshadowed all other institutions and took upon more functions that it was supposed to have. … Because there was a demand on the data, which did not exist in the HEI, they would start generating these data. Because there was a (state) demand to have program syllabi and those were nonexistent, quality assurance (unit) would create these syllabi. And at some point quality assurance unit grew into a monster, which produced everything itself’ (R11, HEI2).

The reform efforts of the first six years greatly emphasized institutional transformation of the system, which translated into ever-increasing regulation of university life. Although, the quality assurance component in reality would only help to systematize university life, it missed its purpose and became a regulatory agent within the university, which actually tranquilized academic freedom or rather the perception of it among individual scholars.

In a 2009 decree, the minister standardized the methods of student assessment. The ministry determined the ratio between oral tests and written examinations and gave the preference to the in-class multiple-choice tests. Although, this particular example does not directly refer to the substance matters of the academic programs, majority of academic elite saw it as unnecessary intrusion of the ministry into the university life (R 44, Local Expert 2; R5, HEI4). In the end, what alarmed the academic elite was that unification and standardization tendencies left limited flexibility to the faculty to pursue their professional goals and preferences.

Another component of the academic autonomy is the institution’s ability to decide on selection criteria of students. Previously, the decision over student’s admission was a prerogative of higher education institutions. However, it was the main source of corruption and was abolished after 2004 and national entrance examination was introduced instead. The admissions process was managed by the National Examination Center. Based on three exams, the center determined the level of success of the prospective students and granted student vouchers according to the 100%, 70% and 50% success scale. Students that had succeeded in the national entrance exams could choose from the number of preferable educational institutions, where they would allocate their state-provided vouchers36. Hence, in this realm the decision making power of the higher education institutions was suspended. Universities’ voiced concern that they have no control over the quality of the student body was accommodated by introducing fourth, elective

36 Minister of Education and Science, Decree N 19/N: on approval of the bylaw of unified national examinations and the rule of state education grant’s distribution (2011.03.18).
examination determining the admission to the specific academic program. Normally, this provision would grant certain autonomy to the universities in defining the quality of their student body. However, recourse-dependent public universities remain in a disadvantaged position, because the tuition fee, which is covered by the state-provided student vouchers, is the main source of their income. Hence, it is still challenging to balance between the quality of the student body and the operating minimum of the university. ‘The university cannot choose a student, it hence university cannot control the quality, because the (quality is defined) through money-follows-student scheme’ (R10, HEI2).

In sum, in the realm of academic autonomy, the situation is yet to be distilled. The universities, having to deal with the institutional and financial fragilities have not been able to fully utilize granted autonomy. Academic staff still exercises their academic freedom to define the content of their courses, but is overwhelmed with the growing standardization efforts introduced by the quality assurance units, which is coupled with the centralization efforts imposed by the ministry.

4.3. Financial Autonomy

Financial autonomy is certainly the area where the links to the other components of autonomy are the most obvious. The ability or inability of universities to decide on tuition fees has implications for student admissions, state regulations on salaries for academic staff of the public institutions impinge on staffing autonomy and the capacity to independently disperse university funds directly impacts the ability to implement a defined strategy. The same argument is often raised when discussing higher education reforms in Georgia. Lack of funding was repeatedly voiced as a primary problem in the interviews in this study as well (R7, HEI 2; R33, PO 2; R44, Local Expert 2). UNDP Human Development Report refers to the same issue as a decisive one. However, as important as financial autonomy and overall financial matters are in the life of HEI, often it serves as a scapegoat for all miss-fits and malfunctions of the institution. This argument makes the discussion regarding financial autonomy somewhat obsolete, since in the situation of having scarce recourses universities ridicule the idea of financial autonomy. Having

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37 Decree N19/N; 4. (2011.03.18)
38 The issue of financial autonomy is thoroughly discussed in the section 4.3.
this in mind, in this section I pay more attention to what has been made available to the universities and how they have demonstrated the ability to utilize available funds.

If we look at the figures closely, the budget on higher education increased five times during 2004-07 years from 10 million Euros to approximately 50 million Euros. Considering that within these years the number of higher education institutions was downsized significantly, this figure becomes substantially higher than what was made available prior to the reforms. The Law on Higher Education includes provisions on financial autonomy as well as financial accountability or rather, financial transparency. Higher education institutions, independently from the ministry, ought to create their own budget, manage it and make the institution’s budget publicly available. In addition, the system of financial management changed from previously practiced line-item budgeting to the lump-sum budgeting. The Law also stipulated that the Higher education institutions had to diversify their financial portfolios. In order to support this transition from state-subsidized operation to the more independent one, the state made several pockets of money available. Firstly, it provided grants for the tuition fees through money-follows-student scheme. Secondly, it created an infrastructure development fund, which HEIs could access based on their development projects. Thirdly, it made funds available for the research through Georgian National Science Foundation (GNSF). However, these verities of funds consisted only ¼ of the public universities’ budgets on average, the rest being the revenue collected from the tuition fees. Private funds were not visible in the annual budgets of the HEIs. This path of financing has not been established yet. Another practice was to utilize international grants, however its share in the university budget is minimal. Universities remained dependent on the state funding, and largely on the tuition fee collection, which is again, mainly covered by the state provided student vouchers.

According to the Law, another component of the financial autonomy was to decentralize the budgeting process to the departments within the universities. This initiative is controversial for the higher education

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scholarship\textsuperscript{48}, however discussion of its advantages and disadvantages is beyond the scope of this article. Rather, the article follows the provisions in the law and assesses the actual state of affairs in the universities in juxtaposition to these provisions. Regardless the greater autonomy that has been formally granted to the academic departments, financial decentralization has not been picked up by the universities yet. Departments do not practice budgeting exercise separately, but remain dependent on the central university budget allocations (R20, HEI4; R4, HEI1; R28, HEI5). The deans or rectors of the universities did voice concerns regarding the level of decentralization and themselves think that departments are not yet ready to take upon the responsibility of budgeting themselves, or more importantly, that this exercise could compromise the equilibrium between more profitable programs and those that are subsidized within the university (R1, HEI1). However, these concerns have not become a topic of inter-university debate, or a matter to rise with the ministry’s representatives.

The third component that needs attention is the level of transparency of the financial matters. Only one out of five universities, included in this study, had its annual detailed budget published online. This is how one of the faculty members describes the situation:

‘I have been a member of a faculty board for three years. It has been three years that I am requesting a financial report from the faculty. (…) I have not seen that report. … and I receive a ridiculous response from one of the administrators that this information will be made available [internally] only after the financial declaration has been submitted to the revenue office\textsuperscript{49}. My answer to this is: “The declaration is submitted [to the Revenue Office] by 15\textsuperscript{th} of each month, and if the date of today is 20\textsuperscript{th}, than it [the declaration] has been submitted already. Let me see the report”. The response is: “We don’t have it”. ’ (R45, Local Expert 3).

This last observation depicts vividly that the understanding of financial transparency across higher education institutions is one of financial accountability of an institution towards the state, but not towards their constituency. This behavior also supports the underpinning argument of the article that the universities act upon the introduced changes with compliance rather than acceptance and absorption of their new status.

\textsuperscript{48} see R. L. Geiger, Knowledge and Money; Research Universities and the Paradox of the Marketplace, (Stanford University Press, 2004)

\textsuperscript{49} The reference is made to the monthly financial declaration that organizations submit in the middle of the month to the State Revenue Office.
In sum, the premise of revenue diversification is present in the legal framework of the higher education system, however the availability of the private revenue sources is scarce, hence the HEIs remain dependent on the state funding, which in its turn are also not ample. For instance, the annual budget of the GNSF fluctuated from 22 million GEL (approximately 11 mln Euro) in 2008 to 20 million GEL (approximately 10 mln Euro) in 2010\(^{50}\). To put these figures in the context, the annual budget of GNSF is 2/3 of the public university's budget with 10000-student body\(^{51}\). This is also coupled with the lack of entrepreneurial zeal and of experience of the HEIs to attract money other than that of the state. This renders the situation, where HEIs heavily depend on the collection of tuition fees, which mainly remain as a survival amount for the university. Obviously, the research grants or international cooperation do factor in, however this is a minor portion of the HEIs' budgets and do not contribute to the HEI sustainability. The universities still hesitate to act independently and still lack transparency. Financial autonomy and accountability is interpreted in relation to the state and not to the public.

In the section below, I briefly discuss the actions of the ministry and thus bring forward a larger perspective of the whole higher education system.

**4.4. System-wide effects**

At the ministerial level, the university autonomy has been articulated and understood in terms of decentralization and self-governance. In the annual reports of the MES, when referring to the matter of autonomy, there is always an appeal to the changes in the higher education management system. The emphasis is made on the fact that heads of higher education institutions are ‘no longer appointed by the President but elected by institution’s Academic Council (the highest representative body consisting of elected professors from each department)’\(^{52}\). There is hardly any evidence that discusses academic or financial dimensions of autonomy, although the Law includes provisions regarding both of these components.

Over the course of the six years (2004-2010) covered by this study, the system has been developing in two directions. From 2006 onwards, the MES has been gradually strengthening its institutional autonomy

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\(^{51}\) See Ilia State University, *Annual Budget*, (2010, 2011)


away from the central government. For instance, according to the 2006 amendments in the law the Prime Minister appointed the heads of accreditation and examination centers (NEAC and NAEC), as well as the accreditation council that made decisions regarding the status of HEIs53. By 2010, these decisions were no longer made by the Prime Minister, but by the Minister of Education and Science54. Until 2006, the Government of Georgia defined the amount of the state grants for students55. By 2010, this component also moved within the mandate of the MES where it defined and submitted the proposal for the state grant’s package to the GoG for approval56.

Simultaneously, as the MES increased its institutional (and political) autonomy from other governmental structures, it proceeded to concentrate the decision making power at the ministerial level. Over the course of these years following 2004, the regulatory framework became stricter. By 2005-06 regulatory agencies, such as National Education Accreditation Center (now re-established as a National Education Quality Enhancement Agency) and National Examination Center, were created within the framework of system’s decentralization. Gradually, both agencies were to become independent organizations. However, by 2010 this was still not the case. The system continued to decentralize until 2008, but increased centralization efforts 2008 onward. In 2006-2008 the head of Accreditation Center was appointed by the Prime Minister and the organization’s operational funds were determined and issued by the ministry, at the end of 2008 the regulation was changed in favor of the Center. According to the 2008 amendments to the Law, a head of the Center was appointed by the Minister of Education and Science and not the Prime Minister. Although, these developments were clear examples of gradual decentralization of the system, by 2010 the situation changed to the opposite. According to the amendment to the Law in 2010, NEAC was subordinated to the MES and a deputy minister of education was an appointed head of the Center57. This and similar changes towards centralization of the system undermined the original attempts of decentralization even at the level of regulatory framework.

Prevalence of the centralized conduct and dominance of administrative side of the reform was also sustained by the lack of involvement of university representatives in the policy making process. In 2004

at the wake of the reforms, there was a room for cooperation and high involvement of the key stakeholders in the policy formation process. Bottom up incentives were welcomed and later, some of them turned into system-wide formulas. One of such initiatives was an idea to reorganize higher education institutions by merging faculties into larger academic departments at Tbilisi State University. Soon after the university representatives approached the ministry with this idea, the Ministry began to promote this action throughout the system (R4, HEI2). After 2006, this tendency gradually changed and the ministry became detached from the higher education institutions. By 2008, higher education related matters were concentrated at the NEAC and the Center became a primary contact and the source of information for the higher education institutions (R16, HEI3; R23, HEI4; R45, Local Expert 3). By 2010, the only cooperation platform that was provided for a large group of higher education institutions was the Center’s initiative to hold public hearings concerning the new standards for upcoming program accreditation (R45, Local Expert 3; R35, PO 4; R36, PO 5). This avenue was scarcely used by the universities to lobby their own interests. The main purpose of the meetings was rather the dissemination of information on behalf of the NEAC (R44, Local Expert 2; R33, PO 2).

5. University Autonomy – yet another state requirement

The analysis of decentralization efforts in the Georgian higher education system during 2004-2010 revealed that the process of institutionalizing university autonomy has been a top-down initiative. In order to reach the system-wide effect, the ministry of education set up a detailed regulatory framework to guide the universities into the independent action, which would rule out chaos and allow the universities to establish themselves as open systems. The launching point of the ministry was that over the course of the post-soviet negligence the higher education system had corroded and the reforming of this system had to happen under a strict supervision. As the HEIs themselves had become fragile institutions and the academic community was somewhat discredited, the HEIs took upon the role of supervisee and complied with the newly introduced rules. Since during the reforms the importance of following the regulations and fulfillment of the externally introduced formal requirements were emphasized through different actors – quality assurance units, ministry or the education accreditation center – meeting these formal requirements became the main mode of intuitional improvement. As showcased in three dimensions of university autonomy, the universities have treated university autonomy as a state requirement, along
with the requirements such as introducing three-cycle education, quality assurance mechanism and the credit system.

Developments unfolding in Georigan higher education can be interpreted as one of the patterns of the higher education system’s development where the universities have difficulty to become autonomous actors. This confirms and enriches Sporn’s argument that the universities of previously centralized systems have difficulty to manage organization with increased autonomy. As weak policy actors, the universities submitted themselves to the ministerial authority and complied with them. Throughout the years, these roles of a supervisor and a supervisee have been mutually reinforced by the ministry and the universities and have only seemingly advanced a state-led education system to the decentralized, university-led system.

When analyzing the case of Georgia, it should be emphasized that the superficiality of the university autonomy is the launching point, a condition of the system’s development. Sporn writes about the difficulty of universities to be autonomous actors when the state has actually withdrawn, i.e. these are the circumstances when the universities lack the knowledge and/or experience to act independently, although the mechanisms of doing so are provided by the state. However, in Georgia (probably similar to many centralization-prone governing systems), the universities have not been given de facto chance to become independent. The mechanisms of autonomous action were always mediated by detailed regulatory framework, which suspended the autonomous action at its core. In other words, the endeavor of the university autonomy was suspended at the very beginning of its introduction. Hence, the jaded perception of what autonomy as a tool entails has compromised a healthy development of the state-university interrelation.

In conclusion, it has to be mentioned that because of growing centralization, which became more noteworthy 2008 onwards, one should not disregard the seeds of autonomy present in the system at the beginning of the reforms. Mostly it has been demonstrated in the academic autonomy. This study revealed that within the centralization processes and systemic constraints, at least in one university the academic community has made the most out of the granted independence within their disciplines. I would argue that the main reason, why this has not happened in other universities as well is that the agency of the academics has been weakened, because of the absence of collective action of the academic

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community. With the few exceptions, throughout the six years academic elite was discredited/marginalized in the country, followed by the high level of centralization, which has not yet let the new academic elite to strengthen. Therefore, academic community has become dependent on the externally produced institutional determinants and have not been able to build institutional from within.

Perhaps, the most important question for further inquiry is, whether freedom of individual scholars can aggregate into an academic autonomy of the institution, when the tissue of the academic community as a unitary actor has become very thin.

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