



# **AFBE JOURNAL**

Volume 8, No.2, December, 2015

ISSN2071-7873

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# BUDGETING ADMINISTRATION OF AUTONOMOUS UNIVERSITIES IN THAILAND

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## ABSTRACT

*An autonomous university in Thailand is defined as a government agency that receives a block grant, operates outside the government bureaucracy and is overseen by the Minister of Education. This includes freedom to determine salaries and staff benefits. The policy objective was to allow flexibility to increase fiscal and academic efficiencies. The study concluded that the budgetary processes essential for good governance and management of an autonomous university produce fiscal and academic benefits, and that these could be even greater if more flexibility of government grants was allowed. Autonomous universities shared similar benefits and constraints and require enhanced non-government sources of revenue. The relevance of Australian experience is considered marginal since it related more to governmental policy than to governance and management within a university. Nevertheless, the flexibility and strict control systems within Australian universities provides a model for autonomous Thai universities. An example of this full budgeting is highlighted by the above mentioned anomalous costings for personnel, which is often seen as increases in salary costs when it is mainly a difference in accounting. Autonomous universities now offer a useful benchmark for government universities with their higher accountability and budget-aligned plans, which are major tools for enhancing a university's quality and its sustainability.*

Key words: Budgeting Administration, Autonomous University, Thailand

## INTRODUCTION

In the 1990s,Thailand made plans to create a path for transition from government departmental-style public university management towards an autonomous public university system. The first challenge recognized was the determination of a method to allocate government funds to a university that was both fair and transparent as well as allowing management of quality as part of an overall policy of continuous improvement in higher education. Preparation for the transition included a series of inputs from Australia under an aid project with the Thai Ministry of University Affairs (West, 1999).

That project recommended a distributive model for resource allocation, which the Ministry termed a 'relative funding model', which was essentially a predetermined formula based on such specific purposes a teaching, research and general operations. This relies on 'relative unit costs' rather than absolute unit costs and allows a degree of performance assessment against objectives defined in the allocation process.

### **Autonomous Universities**

"An autonomous university has the status of a government agency that is neither within the government bureaucracy nor a state enterprise. It becomes a legal entity under state

supervision after approval by the Minister of Education. The University Council can formulate rules and regulations for personnel administration, as well as stipulating staff welfare and benefits”(Higher Education in South-East Asia, 2006, p.198).

This innovative way of university administration has been introduced to promote flexibility of university operation. Such universities have their own administrative structure and budgeting system for self-governance and full autonomy, allowing decision making on administrative and management matters of the university to be handled by the university itself. Currently, there are 13 autonomous universities and efforts are being made to encourage existing public universities to move out of the bureaucratic system.<sup>13</sup>

### **Autonomy and Academic Freedom**

University autonomy and academic freedom are said to be fundamental to quality, yet as the above illustrates, government continually intervenes in both (Russell, 1993) and universities have not acted consistently with their rhetoric (Encel, 1965) usually being willing to compromise if incremental funds are offered. The debate in Australia seems to have been confused by linking autonomy and academic freedom when they are in fact quite different principles. Academic freedom relates to scholarly independence unfettered by outside requirements, while autonomy relates to the university’s independence of governance and management (Brubacher, 1977).

Autonomy is interpreted to mean that only scholars can understand the complexity of university management and hence must administer universities. This is an ideal, and is not accepted by funding agencies, nor is it in evidence in the higher performing universities, which employ competent specialists in administration to work beside academic managers. In the Seventh Report of the Higher Education Council, Australian Universities indicated that they felt their autonomy was compromised by: government requests for information; curriculum demands from professional associations; government policies on foreign students, and special incentive funding (Higher Education Council, 1993). Such facts indicate that, in contrast to being truly autonomous, universities in Australia enjoy certain freedoms under their respective Acts of Parliament, but remain responsible for detailed financial budgeting and accountability. It is this aspect of sound financial management for optimal educational outcomes that define the adoption of aspects of the Australian system by Thailand, notwithstanding the distinctly different origins of the Thai university system.

### **The Meaning of ‘Autonomy’ in the Thai University Sector**

Adapting to globalizing free trade in higher education has been difficult for Thailand (OHEC, 2008a) because it is a culture based on consensus, national needs and a minority language. The language has some utility in neighbouring countries, but their low educational status does little to enhance that of Thailand, and much of it is offered as a form of development assistance. From that insulated environment, Thailand’s agreement to include education in the GATS multilateral schedule, the ASEAN Free Trade Agreement, and bilateral free trade agreements with Australia, Bahrain, China, India, and New Zealand (and possibly Japan, Mexico, South Korea, Switzerland and the US) has placed a burden of change on the sector that has in turn increased concern within Thai universities (Suwanwela, 2005). At the same time as changing to suit global systems, Thai universities are expected to continue to meet political ends such as expounding the philosophy of a self-sufficient economy (OHEC,

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<sup>13</sup>[http://inter.mua.go.th/main2/page\\_detail.php?id=3](http://inter.mua.go.th/main2/page_detail.php?id=3)

reform that avoids offending traditional values while conveying to those who count the longer-term intent of the policy. But it would not be correct to assume that this has been fully successful because student resistance, with some staff support, checked the speed of reform and led to the government thenceforth requiring University Councils to achieve staff and student consensus before applying to become autonomous.

By 2007 there were seven autonomous universities among the 97 public higher education institutions in Thailand (76 public universities, 19 community colleges and two Buddhist universities). Meanwhile, while Thailand procrastinated in its adapting to the international university system, globalization forces acted on innovative Thai universities leading to an increased interest and activity in research (Liefner and Schiller, 2008). As elite performers within the Thai university system noted the advantages of being part of an international knowledge fraternity linking research to education, old critiques of universities being sluggish bureaucracies that were inflexible and incapable of sustained research and graduate training supported moves for increased autonomy (Kirtikara, 2004). One critical outcome of these developments was a recognition that budget processes were a constraint on innovation and motivation (Fry, Wisalaporn, Lertpaithoon, Sinprasert, Peerapornratana and Larpkesorn, 1999) as is discussed further in a later section.

### **Governance and the Centrality of Finances**

Autonomy in academic, personnel and financial management are three legs to the stool of university autonomy. Academic autonomy is to be limited in the Thai case, while autonomy over personnel management has faced much apprehension and some militant resistance among staff that have become dependent on bureaucratic rules and civil service conditions. Nevertheless, the use of improved financial management has allowed monetary distinctions to be made in employment conditions, with incentives for those outside the civil service conditions if they perform well as academics. Thus financial management becomes an important tool for overall autonomy, including innovative academic measures, particularly at post-graduate level. Such autonomy requires increased responsibility and accountability, which is foreign to many university personnel that have enjoyed freedom without responsibility and accountability under university regulation, and so improved university council governance must accompany improved financial management. Performance evaluation of faculties, functional units as well as senior administrators are to be carried out by a university Council. Acting in the public interest for use of government funds has been perfunctory for most past university councils in Thailand. In an autonomous university, the council is supreme in:

- setting the vision and direction
- formulating policy on education and research
- overseeing the personnel system which formulates policy and regulates personnel management, does not the operations of the system.
- budgeting and finance
- performance evaluation, faculties, functional units as well as senior administrators.
- internal audit (in addition to the external auditing of the National Audit Office).

As reporting, internal auditing and assessment become more regular features of university councils, increased transparency and accountability become indicators of good university governance (Kirtikara, 2002).

### **Flexibility in Budget Administration**

In all the budgetary contexts in an autonomous universities allow much smoother operation than is possible in a government university. This is due to the flexibility possible in

formulating the overall budget in the first place, aligning functional units demands in a unified plan and the ability to adjust and transfer funds during the year according to justified demands. As this flexibility extends across all budgetary units, it makes overall management a more professional and efficient task since unused government income is not returned to the Budget Bureau by autonomous universities but is a requirement of government universities. This need for government universities to return unspent funds to the government creates anomalies when circumstances change or new initiatives arise. For a university to engage energetic and well-qualified lecturers, such lack of flexibility limits the capacity of government universities and thereby provides a potential advantage to autonomous institutions that are well managed. Such good management requires unified university budgetary management complete with regulations on finances, budgets, academic requirements including quality and personnel developmental matters. To be able to manage such matters without seeking to allocate individual tasks to predetermined government expenditure categories allows smooth and independent operation that is more transparent and accountable. Ultimate accountability is maintained by every university being subject to inspection by the Office of the Auditor General of Thailand, which is an independent organization that verifies external accounts and reports to the Office of the Higher Education Commission, or the Ministry of Education for some more recently ungraded universities. The flexibility allow for autonomous universities is not absolute, however, as for example in purchasing and the hiring which must follow regulations and criteria set by the university to be in line with Cabinet Resolutions. For purchasing and hiring expenditure above two million baht procedures must conform to the supply regulations prescribed by Prime Minister's Office. This constraint on autonomy affects all such universities and in the case of Thaksin University means that it is not fully independent in areas where it must follow governmental criteria. Flexibility in budget administration is also a tool to meet government policy in areas of ethnic and religious diversity (OHEC, 2008b).

## CONCLUSION

The Bureau of the Budget almost ignores considering budgets in the operation category. Rather, more emphasis is put on investment budgets and personnel budgets. Nonetheless, the university's income budgets are used to add to the operation budgets. Regulations on purchasing and hiring can be established by an autonomous university. This helps the university's financial administration run more smoothly. However, some have to follow governmental regulations as its financial operations has to be verified by the Office of the Auditor General of Thailand. Procedures for purchasing and disbursement also require Auditor General Permission as well. An apparent advantage of being an autonomous university in the financial aspect is that the university's budgets which are not used within a fiscal year can be effectively managed. There is no need for accelerating the purchasing and the hiring before the end of each fiscal year. Additionally, transfer of budgets is not required. Some budgets can be maintained in case of any essentiality. Another benefit is on the evaluation of the university's staff, namely performance of administrators as well as other staff members can be rigorously evaluated. As a result, the university's work can run smoothly and quickly. It is because those with an unsatisfactory performance will be assessed as having failed. Here, a long evaluation is arranged. That is, they are to be evaluated every year, every two years and every three years. Passing the assessment, they will be able to become the university's permanent staff. The administrators at a faculty level are to be evaluated as well. To be precise, personnel in the faculty are capable of taking part in this evaluation.

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