

Executive Summary

Will Our Public Universities Have Financial Autonomy?

Bruegel's policy brief found that, when universities are given the autonomy to allocate and distribute funds this correlated to better research performance. So, will Malaysian public universities ever obtain financial autonomy?

In this policy paper, author Wan Saiful Wan Jan states that, in order to be competitive on the global platform, Malaysian universities need to improve research and academic excellence. However, for this to occur, universities need financial autonomy as it is crucial to better research performance. He provides examples of universities abroad, comparing universities in the United States with France and Germany. The former have more universities that do better individually whereas universities in the latter case are less competitive as they are given the same budget across the board. Just like in any business, there is no incentive to be competitive and improve the quality of research.

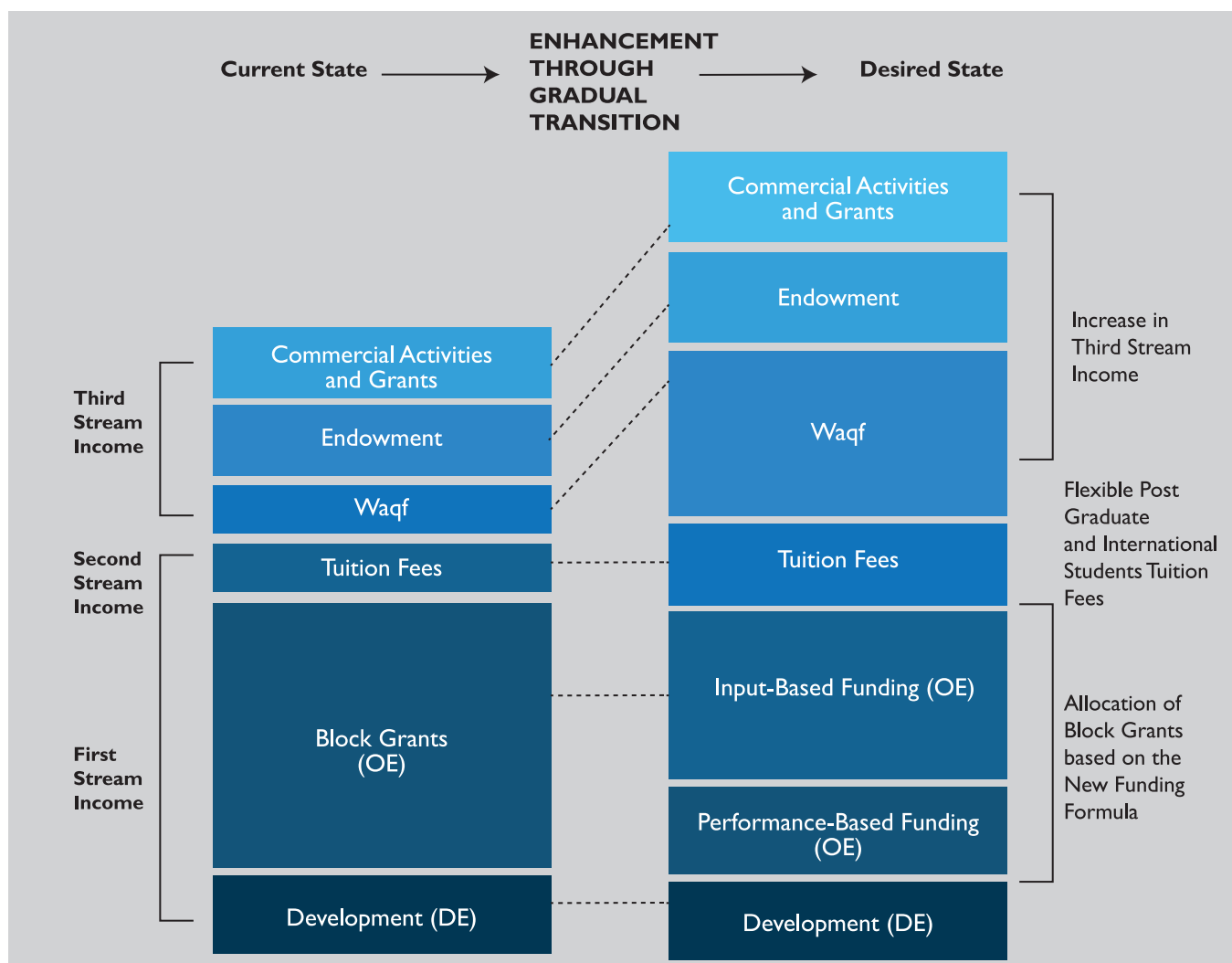
Currently, Malaysian public universities are completely dependent on the federal government to provide funding. The government plays a huge role in decision-making. These decisions include approving:

- University budgets
- Setting tuition fees
- Managing endowments
- Allocating funds and research grants
- Infrastructure development
- Determining the salary structure for university staff

Despite the Wan Zahid Report stating the need for proper financial autonomy 12 years ago, the Ministry is still not embracing this idea. In fact, talks of financial autonomy is not new and dates back to the early 1990s.

Following the discussion from the Wan Zahid Report, there is a clear desire for a shift in powers. The Malaysian Education Blueprint (Higher Education) 2015-2025 (MEB HE), a policy document on higher education and booklets published by the Ministry of Higher Education (MOHE) shows that the government does want to delegate powers downwards. An example of this is shown in, the government's strategy to increase the amount of money raised by public universities through "third stream incomes" which consists of commercial activities, grants, endowment and wafq looks like a step towards the right direction. As seen below, the chart displays the desired state of university income sources following MEB HE:

Desired state of university income sources according to the MEB HE



Source: (Ministry of Higher Education Malaysia 2016)

However, Wan Saiful explains that the government should not look at university funding as an issue that is only affected by policies surrounding higher education. Despite having plans to shift towards “third stream incomes”, the Ministry still wants to reserve their rights in decision-making. Raising money independently is only half the picture, it is also important for the university to have a say in the way these funds are used.

Wan Saiful provides the following recommendations in three areas:

- Universities need to instill entrepreneurship in relevant faculty members and to view IP as a commercial good to be sold for profit
- The government needs to implement policies that will help the philanthropic sector to flourish
- There needs to be a wider outlook with an emphasis on proper and full financial autonomy that focuses on income generation and the freedom to allocate budgets according to spending priorities



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