

# **The steering of the higher education system in Kazakhstan: the perspectives of autonomy in universities**

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## **Abstract**

The marketization and neoliberal trends have called Kazakhstan to pay greater attention to the issue of university autonomy. Thus, the topic of university autonomy has been studied rather intensively. However, most of the studies mainly concentrated on the future perspectives of autonomy and formal tensions between the state and HEIs, whereas the actual dynamics and content of changes remain narrowly defined. Paper revisits the issue of university autonomy using agency theory and Olsen's four steering model. First utilizing the Olsen's four steering model, paper addresses the question of why and how government is advancing institutional autonomy in Kazakhstan. Second, agency theory assists in analyzing the information flow and goal conflicts between state representatives and universities. Therefore, semi-structured interviews were held with the Ministry of Education official, member of Information Analytical Center, university top management and deans. The empirical focus has been placed on public and private universities, and comparison has been made to understand differences in the autonomy related dimensions that affect university functions. It concludes by observing that there are information mismatches in the financing mechanism, academic matters and in the reorganization of universities due to the hybridized approach of the state and path dependency nature of implementation process.

**Key words** Kazakhstan. Higher Education Reform. University Governance. Autonomy.

## **Introduction**

Like many other countries, Kazakhstan has witnessed the expansion of internationalization, market economy and the impact of neoliberal trends. These changes play a part in explaining why a transition should happen so as Higher education system in the country to become more flexible and free from government intervention. Another key realm that drove change in the Higher Education sector is the emergence of national priority to become world's 30 most developed countries. Thus, Higher Education has been increasingly seen as a connection to national economic development and advancement of human capital who will contribute to national wealth (Rizvi and Lingard 2010). Within this framework, Kazakhstan needed to reform its Soviet-rooted system of education and higher education.

For centuries, higher education system in Kazakhstan was as centrally planned and administered by a chain of command as was the entire economy under the Soviet regime. All universities were managed homogeneously and governance was based on regimenting and controlling of teaching, learning, finance, and administrative procedures and outcomes. "No university could allocate resources or improve efficiency because budgets and statistics were strictly regulated by the ministries separate from their own sector, and even the usual information necessary for planning was considered to be a state secret" (OECD, 2007; Heyneman, 1995, p.77).

These facts illustrate that the need for structural change and reform was immediate if Kazakhstan was to develop a research centered and modernized education system in the country. In an attempt to have decentralized management Kazakhstan has initiated significant actions, among those were policy reforms and adopting other countries' models. In this framework it has been also popular for many researchers and international policy makers to write about the problems of policy changes and educational transformations in Kazakhstan as a post-Soviet country.

However, with all have been known about the impact of Soviet regime, the research is lacking of addressing the real challenge of this transitions in terms of identifying (a) how autonomy is understood by the state and what actually is being done on part of the state to advance autonomy and (b) how the initiatives of the state are understood by universities and what effects current autonomy related changes having on university functions. Considering these points it is important to revisit the issue of autonomy implementa-

tion in Kazakhstan. This is because, despite reforms in 2010 (State Programme for Education Development 2011-2020) put significant emphasis on changing the steering of higher education system where universities are autonomous and responsive to labor market demands and capable to attract external research grants, faculty and students based on their excellence and competitiveness, autonomy implementation at higher education governance is not seem to be fully understood. As Gurevich (2011) says that there are considerable differences in perceptions between Ministry of Education and Higher Education Institutions regarding practicalities and values of changes.

In order to address this point, I hypothesize that there is a need for more information in terms of understanding the perceptions of the state and universities regarding autonomy reform in the country and investigating the content and dynamics of those changes. This is because there seem to be goal conflicts and information mismatch between two sides and lack of information on how Higher Education Institutions in Kazakhstan are complying to state level autonomy initiatives and how autonomy changes are influencing on the main university functions.

Thus, this research work investigated the issue of university autonomy from two different prospects. Firstly, the question of autonomy in the system of higher education was reconsidered through comprehensive desk research where emphasis was placed on research articles to investigate the changes in the governmental steering of higher education system. To find out what is actually being done to advance autonomy and to better understand the autonomy from the state level representatives, members of national agencies were engaged. Secondly, empirical focus was placed on two universities in Kazakhstan, where views of participants were examined regarding the state level initiatives and how those initiatives are influencing university internal functions.

In this context institutional autonomy is referred as the freedom of universities from state control both in terms of academic and non-academic areas to pursue their goals. During the course of the study the issue of accountability is addressed, which is the design of statewide governance system capable of supporting institutional autonomy and effectively regulating the flow of resources and academic or non-academic decisions of universities (McLendon, Hearn & Deaton, 2006). In this research accountability is also referred at the level of HEIs and its leaders, how they communicate their performance and assume responsibility for unmet objectives (Salmi, 2009), and it is also mentioned as a reporting mechanism.

General significance of the study is to fill the gap in the research, as the aim is to explore the issue of university autonomy from different perspectives. The relevance of this research lies in the questions it poses

as the investigation of the university autonomy is timely and relevant because Kazakhstan set a goal to transfer its all Higher Education Institutions to new governance structure and policy document was published State Programme for Education Development 2011-2020 (SPED) that clearly identified university autonomy as a basis for self-regulating capacity of HEIs.

## **Theoretical framework**

To support and strengthen the research work two theoretical framework have been adopted, which is consistent with the study that was carried out.

### **Principal-agent theory**

The main theoretical framework that has been employed in this empirical study is the principal-agent theory (PAT) or agency theory. This theory has been used as a general framework to address the questions asked, particularly to find out the information flow or possible goal conflicts during autonomy changes and the impact of these tensions on the core university functions. According to Lane and Kivisto (2008) principal-agent theory primarily considers the relationship between a formal authority (principal) and its designated agency. The study of understanding how governments actually is advancing institutional autonomy and how that operation influences HEIs activity has long lacked theoretical foundation (McLendon, 2003). However, the contributions of Kivisto (2005, 2008), Lane (2005), McLendon, (2003), Nicholson-Crotty and Meier (2003), Ahmad, Farley and Naidoo (2012) integrated principal-agent theory into the study of higher education governance, accountability, autonomy and oversight. Authors applied agency theory to higher education governance by investigating relationship between governments as principals and universities as agents. According to Lane and Kivisto (2008) principal agent theory provides common base for investigating the roles of organizational interests and perceptions of governments (MoE) and HEIs, information flows and incentives in higher education governance. Basis of the agency theory is to investigate the basic principles of delegating a task to HEIs by governments in achieving their desired objectives. Thus it provides useful framework to examine this question by locating goal conflicts or information flow between HEIs and governments (Ahmad, Farley & Naidoo, 2012). Kivisto (2005) points out that information mismatch and goal conflicts constitute *agency problem* that may arise in situations where principal cannot directly oversee the agent's actions and when self-interested agent pursues its own private

goals at the expense of principal's goals. Therefore, according to author the framework of agency theory is used to analyze how information mismatches and goal conflicts influence universities' willingness to fulfill the contracted obligations and how principals can hold universities accountable to produce their expected outcomes, while at the same time preventing agents from shrinking their autonomy.

Principal-agent theory was used as a starting point to understand how autonomy is understood by the state and how the initiatives of the state is understood by universities and what effects current autonomy related changes having on university settings and functions.

### **Olsen's four steering models**

In order to examine how government is currently exercising authority, how decisions are being made, and what powers are being devolved to universities to advance university autonomy, the study also adopted Olsen's four steering models. Olsen (1988) distinguished four models of higher education steering such as the centralized steering model, institutional state model, corporate-pluralist state model and supermarket steering models.

Institutional steering model portrays universities as a republic of scholars. The character of universities in institutional steering model is the advancement, validation and dissemination of knowledge based on academic freedom, intelligence and knowledge (Olsen, 2007). According to Olsen (2007) Higher Education Institutions' main commitment is to serve the society but not the consumers who is willing to pay. Thus, universities are assumed to be autonomous due to their unique role and history in society and based on the norms of non-intervention (Gornitzka & Maassen, 2000). Centralized steering model is similar to that of state control model of van Vught, but in centralized steering model university is seen as an instrument for achieving national priorities (Olsen, 2007). The role of the universities is to be accountable to tightly controlling state authorities. Decision making is centralized and top down, thus, autonomy to universities is granted in the form of delegating tasks because state cannot do everything (Fumasoli, Gornitzka & Maassen, 2014). Corporate pluralist steering model assumes that there are several competing authorities in respect to higher education governance (Gornitzka & Maassen, 2000). The main decision making in this steering model consists of negotiations and compromises between different legitimized groups such as Supervising Boards, university management, academic councils and the Ministry of Education. Therefore, university autonomy is granted as a result of negotiations and compromises between powers of actors (Fumasoli, Gornitzka & Maassen, 2014). Fourth, supermarket steering model where university is seen as a

service provider operating in markets (Marginson & Considine, 2000). The main principles of assessing university are based on their productivity, efficiency and survival, where state's interference is minimal (Gornitzka & Maassen, 2000). According to Olsen (2007) this steering model requires strategic management capacity from university leadership together with autonomy in order to survive in competitive environment and to be adaptable to changing opportunities.

Using Olsen's four steering model, the initiatives of the state to advance university autonomy were analyzed. In particular these analytical framework of Olsen assisted in seeking answers to the question of how and why government is giving universities more autonomy. Another rationale using this four steering model was to identify how universities are perceiving these changes introduced by the state to advance autonomy which led to the clarification of information flow and conflict of interests between universities and the state.

## **Methodology**

In order to address the gap in the research and get full understanding of autonomy reforms, particularly successes, challenges and information flow during that change, the emphasis was placed on the perceptions of the state level and university level representatives. Regarding the state level representative Ministry of Education official from the department of Higher Education Development and member of the Information and Analytical Centre of Ministry of Education (RQs 1, 2) were interviewed. Among the university level representatives top management and deans from two universities (RQs 3, 4) were interviewed. There were two participating universities. One national university which is currently engaged in the 'pilot' of university self-governance Gumilev Eurasian Kazakh National University in Astana and private university Nazxoz in Almaty. Main focus was placed on the public university, private university being studied as a control case.

Therefore, with overall objectives in mind the following research questions were posed:

- What are the perceptions of the state level officials regarding autonomous universities?
- What changes are occurring on state level aimed at advancing institutional autonomy?
- What are the perceptions of university managers regarding autonomous universities?
- What are the main autonomy related dimensions that are affecting university settings and functions?

## **Data collection**

Data was collected through multiple sources such as research articles, semi-structured interviews and observations. Using multiple methods allowed to ensure that the study is sound in terms of results, and assisted in triangulating the findings. Based on Denzin and Lincoln's (1994) suggestions qualitative researchers, who frame their research in an interpretive paradigm should put emphasis on the trustworthiness in terms of validity, reliability and objectivity of findings.

Firstly, various research articles on Higher education governance concerning both private and public HEIs were reviewed and analysed before collecting the interview data. Secondly, semi-structured interviews were held and tape recorded. Finally, observation was used to address all of the research questions. Field observations were conducted simultaneously while interviews are being carried out, with the observer role being complementary to the interviewer role.

## **Data analysis**

Secondary data was collected using comprehensive desk review of research articles on the topic of university autonomy and governmental steering of Higher Education in Kazakhstan. Then collected data was analyzed using content analysis. During the content analysis process important information was discovered and the gap in the existing literature was identified. Primary data was analyzed using descriptive and pattern coding analysis (Saldana, 2009). First, major themes were identified such as autonomy, accountability, control, and oversight mechanism, role of ministry, governance changes, regulation, autonomy implementation, perceptions of autonomy, power distribution or delegation, perspectives, public, private, guidelines, views, strategies and approaches. Then, emerged themes were grouped analytically within the theoretical framework using N-VIVO software.

## **Comprehensive Desk Research**

The purpose of this chapter is to present an overview of research conducted in the sphere of higher education governance and autonomy of HEIs as well as to illustrate what had been said previously about the autonomy of HEIs in Kazakhstan.

## **Changes in the Steering of Higher Education System in Kazakhstan**

At the outset of 1990 there were 55 universities in Kazakhstan. However, data gathered from the National Report (2012) and assembled into the Table 1 shows that after the independence years Higher Education sector experienced growth in Kazakhstan together with expansion of the enrolment rates. According to Sagintayeva and Kurakbayev (2015), in 2015 there were 57 private higher education institutions, 31 state institutions, 16 universities as joint-stock companies, 13 non-civil institutions reporting to the Ministry of Defense, 9 national universities whose rectors are appointed by the President of Kazakhstan, Nazarbayev University and Khoja Akhmet Yassawi International Kazakh-Turkish University as the only university with international status.

Table 1. Higher education development indicators of the Republic of Kazakhstan for 1990-2012

Indicators	1990/1991	2001/2002	2010/2011	2011/2012	2012/2013
Number of HEIs	55	185	149	146	139
Number of students	287 367	514 738	620 442	629 507	571 691
Number of academic staff	21 955	34 508	39 600	40 531	41 224

Source: National Report, 2012

The Higher Education system in Kazakhstan is the combination of private universities, state universities, national universities, joint-stock companies (university under public private partnership), intergovernmental university and one education and research complex Nazarbayev University. After the independence in 1991 Kazakhstan took number of initiatives in reforming and modernizing its universities. During that time Turkey played a key role in helping Kazakhstan to advance this initiative by establishing universities and schools. Thus, intergovernmental and autonomous Khoja Akhmet Yassawi International Kazakh-Turkish University was established in 1991 later was established its branch Eurasian Research Institute in 2014. Even though most previous studies indicate Nazarbayev University the only institution enjoying legal autonomous status (Law of the Republic of Kazakhstan ‘On the Status of Nazarbayev University, Nazarbayev Intellectual Schools and Nazarbayev Fund’ 2011), Khoja Akhmet Yassawi International Kazakh-Turkish University can also categorized as an autonomous university which reports to its Boards of Trustees and whose presidents are appointed by both Turkey and Kazakhstan.

Although Turkey played a key role during the initial years of Kazakhstan’s independence in modernizing and reforming its Higher Education sector, the governmental steering of higher education sector in Kazakhstan started being adapted to a new political, social and economic realities taking place in Europe (Mostafa, 2009). While the Ministry of Education emerged as a key authority in higher education steering, changing role of the market in higher education system and the private sector services led to the privatization process in 2000. This process allowed selected public universities to be transferred to joint-stock companies with 35 % sold to private investors (Hartley, Gopaul, Sagintayeva & Apergenova, 2015).

Consequently, in an attempt to adopt decentralized management and diversify funding base, government also allowed the establishment of private higher education institutions and since then number of private HEIs motivated by profit has risen significantly (Mukhtarova and Smith, 2014). Hartley, Gopaul, Sagintayeva and Apergenova (2015) also state that in 2001 nine universities were given special status of national universities that would allow universities to have greater autonomy regarding designing their own curricular and setting their own admission guidelines. In the face of marketization and dilemma between centralization and decentralization, quality assurance has also become a main instrument for assessing institutions. Thus, according to Raza (2009) one new initiative by 2009 was the establishment of numerous quality assurance organizations as presented in Table 2. However, Raza (2009, p.31) reported that numerous quality assurance agencies with overlapping tasks made universities focused on bureaucratic reporting rather than being proactive in their self-assessment.

Table 2. Government Entities Involved in Higher Education Quality

Organization/Government Entity	Functions
Ministry of Education and Science (MoES)	Main authority in charge of higher education. Setting up general policy and strategy.
Committee for Supervision and Attestation in Education and Science (CSAES)	Supervision and attestation of all HEIs in the country. Awarding and removal of licenses.
National Centre for Educational Quality Assessment (NCEQA)	Monitoring of the higher education system.
National Accreditation Centre (NAC)	Institutional Accreditation.

Centre for Certification, Quality Management and Consulting (CCQMC)	Fostering the certification of support and administrative processes.
National Centre of State Standards for Education and Tests (NCSSET)	Developing standards and tests, administering tests.

Source: OECD and the World Bank, 2009

Thus, in 2010 the Ministry of Education and Science published policy document entitled “State Programme for Education Development 2011-2020”. In this policy document one of the listed priorities was increased autonomy of universities. This is because, policy document indicated the excessive administration of education process and lack of flexibility as major obstacles to effective governance of higher education institutions. Based on this policy document Nazarbayev University Graduate School of Education (2014) carried out Diagnostic Report in 2013 (Development of Strategic Directions for Education Reforms in Kazakhstan for 2015-2020), where report states that “Kazakhstan has taken important steps both to increase institutional autonomy as well as to reform the role of the Ministry of Education and Science (MES)” (p.16) and country has established supervisory boards for four national universities and new independent entities to assess quality.

Later that year, Canning, Finney, Jones and McGuinness (2013) presented a set of recommendations on how best to achieve targeted objectives of Diagnostic Report for 2015-2020. In this Roadmap document authors highlighted the role of governance and puts in evidence that the most successful and responsive universities to environmental demands have autonomy in their decision making about academic course content, staff appointments and institutional financing. The document also indicates that as an outcome of this roadmap project, Kazakhstan will establish oversight capacity to steer highly autonomous HEIs within new higher education governance policy.

Roadmap document as its Strategic priority number two also indicated the institutional autonomy, self-management capacity of universities, changes in the authority of Supervisory Boards and collegiality in decision making as main principles of university governance. According to OECD (2007) report the teams of consultants suggested that the government of Kazakhstan should follow other countries’ examples and could consider Denmark as a model, where HEIs are considered independent of all external interventions and are allowed to use their funds as necessary, can also seek additional sources of funding, to complement the state contributions and can establish profit-making activities.

## **Problems of University Autonomy in Kazakhstan**

Despite the changes indicated above and the assurance of OECD (2007) that Higher Education Institutions in Kazakhstan have some degree of autonomy, previously conducted research articles on the topic of university autonomy assure that all the academic institutions still follow the Ministry's regulations, regardless private or public, except Nazarbayev University which reports to the Board of Trustees headed by the Prime Minister of the Republic of Kazakhstan and the Supreme Board of Trustees headed by the President of Kazakhstan as well as Khoja Akhmet Yassawi International Kazakh-Turkish University.

Even if Tursunkulova's (2005) research article has been published earlier than the reform in 2010, it gives good clarification of Higher Education regulation system in Central Asian regions. Author finding similarities in the Higher Education regulation in Central Asian regions, explains the central governance structure of public and private institutions as a consequence of resource dependency. Author further argues that the state remains the only significant source of funding for the public universities and issues licenses to private universities. Tursunkulova also says that private and public universities need to follow the set of norms defined by the Ministry of Education and other government agencies in order to receive the license, accreditation including a certain number of staff, students, libraries, among other things. This shows the significant power of the Ministry and government agencies that "besides awarding the license, also recognizes all qualifications earned by the students" (Tursunkulova, 2005, p.10).

Even though modernization and marketization forces influenced the Higher Education system in Kazakhstan and more freedom started being granted to universities in academic programme selection, interview results of Sagintayeva and Kurakbayev's (2015) still seem to characterize the issue otherwise. As authors state that "universities have to operate under restraining circumstances and decisions regarding classifier of specialties are being made far away from the university campuses" (p.204). Authors describe the issue as a legacy of the Soviet planned economy.

Despite the recommendation of policy makers, consultants and country's intentions to change, according to Canning *et. al.* (2013) rigid controls based on historic practices limit the possibility of Kazakhstani Higher Education Institutions to be autonomous. Neave (2003) explains this phenomenon and higher education system's continuity with county-specific regulatory regimes as a reflection of national historical development.

However, besides Soviet past, there seem to be other factors that are affecting Higher Education system in Kazakhstan to successfully implement institutional autonomy. The article of Sagintayeva and Kurakbayev (2015) called “Understanding the transition of public universities to institutional autonomy in Kazakhstan” has contributed to identifying the set of other problems to greater university autonomy as part of the governance reform. Authors, where they investigated two national higher education institutions, revealed complexities in the transition to autonomy and self-governance. Based on their study results authors illustrate several challenges to actual institutional autonomy such as Soviet legacies, current difficulties of central control, embedded practices of university leadership and legally limited practices of the faculty.

Sagintayeva and Kurakbayev (2015) further highlight the lack of university leaders’ training on gaining self-governance and institutional autonomy as well as the State’s low confidence in the given university leadership. As they state *“Paradoxically, it was discovered that due to the universities’ heavy reporting to the Ministry, some concerns have been raised that the bureaucratic accountability will increase once the university accepts institutional autonomy”*(p.205). Thus, authors suggest that actual autonomy to take place, complexities regarding university transition to autonomy needs to be dealt by policy-makers and researchers and, more importantly, university leadership.

Similar study done by Hartley *et. al.* (2015) where they interviewed 53 senior management from 15 universities of Kazakhstan also revealed the main problem of external Ministerial governance of the higher education system. Hartley *et. al.* (2015) notes the expressed skepticism of the university senior administrators interviewed about sufficiency of management expertise to obtain greater autonomy. As an analysis of their study, authors say that major decisions continue to be made by the rector with the consultation of largely administration populated academic council, together with the fact that Supervisory Board is rather a rubber stamp who only meet once or twice a year.

Although most study results show that university management lack the competencies to govern autonomous universities, to the question of leading in the current environment at the study of Hartley *et. al.* (2015), interviewed university vice rector indicated the absence of possibility to adopt any management strategy or style at universities because of strict subordination of all universities to the Ministry of Education. Further, Hatley *et. al.* (2015) as a result of their research work concludes by observing that greater institutional autonomy and accountability will be possible if 10 universities in the country are given more

autonomy similar to that of Nazarbayev University which can offer the most promising strategy for improvement and flexibility.

Thus, what could be analyzed from the previous work is that there is not a single factor that is affecting the proper implementation of governance changes at HEIs to bring autonomy. However, there is certainly a lack of participation on part of both organizers and implementers, because new system that is replacing the old one is not seem to be properly understood. In this regards, Gurevich (2011) also brings another argument to the issue of bringing change to the educational and scientific sphere. According to his survey results, which took place in the past three years covering all of Kazakhstan, he comes to the conclusion that changes in the educational and scientific sphere in Kazakhstan is “accepted but not understood”. He further explains that changes and reforms in educational sphere have not been met by active resistance but neither have they been given real social support that is adequately understood. This statement shows that there is a huge gap in the educational research, particularly in finding the differences in perceptions during changes in the system.

The interesting fact that can be observed from the comprehensive desk research is that there is clearly a growing demand for the institutional autonomy to be flexible to respond to the ever changing external environment. Thus, previous research conducted in the area of university autonomy illustrate that there has been significant changes in the governmental steering of higher education system together with state’s effort to expand institutional autonomy. In this regards, much has been written about the main problems of state control as well as the lack of autonomy at universities. As illustrated in the literature there are considerable differences in perceptions between National Agencies and universities regarding higher education autonomy in Kazakhstan and certainly an ongoing blame game. Thus, the autonomy implementation at universities might need clarification of these differences in their views. As Zhurinov (2010) describes country left the Soviet system, but has not reached the Western model. At the moment, universities in the country are left with the hybrid form of steering due to the lack of information about the current intentions of the state level activities to bring autonomy to universities and how these changes are affecting the university functions. The information given in the previous literature about the state level initiatives mainly illustrated changes rather abstractly and formally without illustrating the actual dynamics of those changes. Therefore, in the next chapters, the perceptions of both university autonomy organizers and implementers will be considered to find out the gap in their understanding of institutional autonomy and interpretation of those changes.

## **The perceptions of the Ministry of Education officials and changes occurring on state level aimed at advancing institutional autonomy**

National level changes that have been carried out to improve institutional autonomy are based on the several approaches. First according to perceptions of the Ministry of Education officials, universities are now being given extended freedom in their course selection, to make decisions about academic programmes, methods of teaching and discipline areas as well as direction and methods of research development at universities. Based on the interview results universities started having freedom in academic programmes, particularly universities can direct their methods of teaching and curriculum as they deem necessary up to 70 percent in Bachelors level, 80 percent in Master's level and more than 90 percent of PhD programme courses can be controlled by Institutions themselves.

Second cycle of changes that is occurring at the state level is the creation of Supervisory Boards at the universities in Kazakhstan who will be responsible for the accountability mechanism of universities. According to the Ministry of Education official Board members that consists of business representatives and public have been renewed and formulated by the National Chamber. To the question of effectiveness of the Supervisory Boards in dealing with budgetary matters and accountability, a participant replied that: *"It is the first experience and this practice has been around only for two years, thus, it will further be improved"*.

The third type of changes aimed at promoting autonomy at universities are focused on the introduction of new system for the election of university rectors. According to the Ministry of education official election of the university rector will be carried out on the basis of recommendation of Supervisory boards. Three selected candidates by the Supervisory Board will then present their strategic development plan for the Deputy prime minister who will later make the final decision. Rather than appointing the rector by the sole decision of Ministry of Education, this new practice of selection of rector on competitive basis will allow university development agenda to be harmonized with the agenda of the state and society. Similarly, as mentioned previously regarding the improvement of the Boards function, new practice of selection of the university president has a potential to strengthen the functions and power of the Supervisory Board at Universities to promote corporate governance. This is because as sated by Hartley *et. al.* (2015, p.285),

One new structure that has been created in order to move toward an alternative system of accountability is the board of trustees. Although boards have great power in many other countries, in Kazakhstan rectors are not accountable to boards. Further, boards have no say over budgetary matters and therefore are limited in their ability to meaningfully influence long-term strategy.

It is true that in many countries university is linked to society through their Supervisory Boards whose members are businessmen, public and members of academia who in turn are appointed by the responsible authority such as Ministry. Supervisory Board of the university usually has the complete authority over university functions and closely supervises budgetary matters, thus, representing the university's interests towards the responsible Ministry (Lombardi, Craig, Capaldi & Gater, 2002). Thus, this practice will be important for improvement of accountability of university rectors to Supervisory Boards and promote proper corporate-pluralist steering model.

Forth and the most interesting change that is taking place at the state level to improve university freedom is the reorganization of all public Higher Education Institutions to joint-stock companies and of all private universities to non-profit organization. According to the Ministry of Education Official this management autonomy will help universities to generate additional finances through public-private partnerships, develop their infrastructure and to improve their effectiveness and efficiency. This shift towards joint-stock companies clearly illustrates state's intention to change the governmental steering of higher education toward supermarket steering model where universities are seen as a deliverers of service to the market demands and expected to survive on their own as they obtain higher level of independence from governmental intervention.

In this regards, according to the member of Informational Analytical Center (IAC), government initiated number of projects to strengthen the self-regulating capacity of Higher Education Institutions and to develop the strategic management ability of university top managements on the example of Nazarbayev University. Based on the interview results with the member of Informational Analytical Center the main problem identified during the project was the lack of capacity of university management to regulate autonomous university with extended freedom. Thus, according to the participant, university top managements in the country started taking capacity building seminars from the representatives of Nazarbayev University to address this challenge.

Another challenge that was mentioned by the Ministry of Education Official during the planning for reorganization of universities to joint-stock companies was the misunderstanding regarding financial matters. As said by the participant: *“Initially understood as joint-stock company, there were fears among universities that the state will stop supporting universities financially. However, budgeting of universities will remain through the state contract for grants (Goszakaz) while other financial support will be obtained in the form of endowments, and universities will be given freedom to attract additional funding”*. On the one

hand if this practice of endowment funding and organizational form of joint-stock companies have a potential to make universities more dynamic and provide opportunities for innovation, on the other hand if the new system is not carefully handled increased competition between universities where students are seen as profits and lowered admission requirements for fee based students might lead to increasingly poor quality of education.

All in all, it can be concluded that the governmental steering of higher education system in Kazakhstan is somewhat hybridized. It can be seen that the state is trying to adopt the approach of supermarket steering model where extended autonomy is prerequisite to provide opportunity for universities to be flexible in a competitive environment so that universities can free government from financial commitment. In this regards, New Public Management values can be noticed extensively, particularly emphasis on the strategic management capacity of university leaders with the focus on effective management and planning. However, state's promotion of Supervisory Boards and involvement of different actors in decision making of university can illustrate the elements of corporate-pluralist steering model. Even though, in fact university autonomy in corporate-pluralist model is negotiated between powers of different actors (Fumasoli, Gornitzka & Maassen, 2014), including Boards, university management and state authorities, the current planning of the governmental steering of higher education system in Kazakhstan to provide extended freedom to universities is still strongly concentrated on the centralized steering model. In centralized steering model only technical matters are delegated to universities such as academic programmes and management while other important matters such as financing is still retained at the center and with a strong emphasis on the universities to be accountable to political authorities (Gornitzka & Maassen, 2000, p.270). This is because according to the Ministry of Education Official interview: *“what has been referred as the autonomy is not full autonomy, only legal autonomous university in Kazakhstan is Nazarbayev University. Thus, 100 percent package of universities with new organizational form of joint-stock company will be under Ministry of Education”*.

To summarize, governmental steering of higher education system in Kazakhstan has been under the isomorphic forces over the last decade, where political authorities are working closely with international organizations to bring autonomy to universities. While Kazakhstan wishes to bring benefits from the international practice, this intention is also leading to hybridity of higher education governance in the country creating number of misunderstanding between universities and political authorities. Thus, based on the principal agent theory it is important to clarify those information asymmetries or goal mismatches, be-

cause self-interested agent (universities) after the extended freedom granted them might create *agency problem* that may arise in situations where principal (government) cannot directly oversee the agent's actions.

## **The perceptions of universities regarding autonomous universities and the main autonomy related dimensions that are affecting university settings**

Universities' role in society has strengthened as an organizational actors over the decade, as they are expected to educate quality cadre for the economy, drive innovation and development. Therefore, autonomy should not be merely devolving some technical responsibilities or financial commitments to universities. Higher Education Institutions' perceptions about the changes occurring should be considered carefully due to their values, long standing traditions and history that can be an obstacle or facilitator during the change process. Thus, perceptions of university representatives have been identified regarding the above mentioned changes happening on the state level and how these changes are influencing the university core functions such as teaching and research.

First, even though most deans were positive regarding the academic freedom at curriculum control as this shift made them more liberal in directing the elective courses to the market demands, other deans expressed concerns as they indicated the challenge of student transfer and mobility between universities. In reflecting the challenge of this situation dean of the faculty explained "*giving full freedom to universities and expecting universities to do whatever they want is not correct neither is correct where Ministry takes the sole decision. For example, the academic autonomy or giving freedom to every university to decide what academic curriculum to follow is not appropriate because students might want to change university and the differences in the curriculum of universities poses barrier for them. We should work for the convenience of the students, therefore, everything we do should not pose difficulties for students*". According to the dean of the faculty, the system of governance in Kazakhstan lacks the consensual direction, as he describes that even if during the Soviet system universities were under the complete control of political authorities, the system was consensual where political authorities, professors, deans and university heads used to work in consultation how to operate and what subjects to create. As he further described "*our physics professors cannot be specialized in all physics fields, thus, when we give our diplomas in the fu-*

*ture, it will be connected to the ability of our professors, thus, I think every university should do it based on their own capacity”.*

Based on the agency theory Higher Education Institutions produces complex mix of public goods that might vary in content and nature (Ahmad, Farley & Naidoo, 2012, p.16), thus, as universities become freer it is important to define the scope and capacity of every university’s academic service to the society. Although isomorphic forces making the governmental steering of the higher education systems more alike on the global scale such as marketisation or corporatization, university autonomy is making every university’s internal scope, capacity and values more visible and present. This implies that the freedom given to universities should be established in its own institutional settings, which is beyond delegation of the technical responsibilities.

Regarding the creation of Supervisory Boards at the universities in Kazakhstan, university top management expressed their views on the role of the Supervisory Board over the last 3 years as being mere formality. However, to avoid the agency problem meaning that university top management would not act opportunistically with the freedom granted to them, the new election of rectos through the recommendations of Supervisory Boards has the potential to increase the accountability of the university president to the board. Thus, during the observations that took place at the same time with the interviews, university representatives did not show any resistance to the new mechanism. However, the role of the Supervisory Board should be clearly articulated so that Boards would not act as a principal to universities, but should act as agents of change whose role is based on the managing of university organization and effectively attract or use finances. This is because according the principal agent theory, strengthened influence of the Board over universities with the new election mechanism, might place Supervisory Boards as principals together with central government which will create complex issue of multiple principals and will lead to shrinking behavior of universities (Lane, 2005). Therefore, in order to harmonize the development strategy between state and universities, boards’ role is to act as an intermediary to agree on the nature of the contract between them and properly promote corporate pluralist steering model.

The role of the Board is also important during the accountability process. As Kivisto (2007) says governments as principals cannot and should not trust universities because central government cannot directly oversee the actions of universities, particularly to control if universities are fulfilling the obligations of public resources. Thus, as said by one of the interview participants *“nowadays even if Ministry of Education is giving freedom in academic matters, there always appears to be accountability tensions regarding*

*working with their approval for everything is done*". However, due to the lack of information of the state on the exact activities of the universities, there appears to be an issue of meaningful accountability demands from part of the state. In most cases as said by the dean *"accountability measures and paper works are not necessary nor even directed to improve the system"*. Therefore, even if accountability is not avoidable in the face of increased freedom, Supervisory Boards play an important role during the accountability process to the external environment in harmonizing the demands and changes happening with the internal university capacities and scope.

Forth regarding the transferring of public universities to joint-stock companies there seem to be a significant information mismatches between central government and universities. As said previously by the Ministry of Education Official that there were misunderstandings regarding the financial support from the state, this misunderstandings seem to still exist at the institutional level. When asked about the transferring of universities to new organizational form of joint-stock companies, university top management explained his concern as *"salary of people in Kazakhstan is limited, marketization and transferring of universities to joint-stock companies should be in the situations where every parent can pay tuition fees for their children's university"*. This implies information about the further usage of the mechanism of budgeting of universities through state contract for grants (Goszakaz) should be properly delivered. This is because universities that wanted autonomy according to the previous studies in the comprehensive desk research, now seem to be reluctant regarding the freedom being given to them in many areas. As university top management explained: *"why we seem not to be leaving the old system, because government should always support in the case of Kazakhstan. In Kazakhstan only couple of universities who can catch up with the education market to become financially independent, but the financial ability of other universities are still weak. For example, government put the task of becoming autonomous on the example of Nazarbayev University, but Nazarbayev University receives large amount of money from the government"*.

The fear of universities in the face of financial constrains is understandable especially when there is no endowments in millions. Even if innovation is believed to attract additional resources either universities need to be among the most innovative or there should be changes in the governmental steering of commercialization activities. According to interview results governmental policies in the commercialization is not seem to be appropriate that suffers from the path dependency, together with lack of motivation from the private sector to collaborate with universities.

Therefore, to expect universities act as corporations with meaningless accountability and multiple principals might spell a disaster on the fragile higher education system. As can be seen from the interview results, universities assume that they will only be able to support themselves through the tuition paying students, which as previously mentioned might lead to students being seen as profits and lowered admission requirements for fee based students might lead to increasingly poor quality of education.

However, although most interviewed participants expressed reluctance about being financially self-sustaining, some interviewed deans were positive about the change but illustrated the considerable role of the university internal governance, as one dean put it: *“There is nothing scary in joint-stock companies, the only thing University should have is a very good management who can handle financial matters carefully together with academic development. For example creating open laboratories would be beneficial where different disciplines can use one laboratory together efficiently, because universities should start becoming responsible for the spent money internally. Thus, governance of the university is important here to move the university forward”*.

In this regards, even if the importance of internal governance and management of the universities are recognized by the central governments and seminars to strengthen the strategic management capacity of university managers have been implemented on the basis of Nazarbayev University, most university top management expressed their uncertainty about the effectiveness of those seminars. According to interview participants either there is lack of initiatives from part of the state to address the challenge of capacity building for university managers or the seminars delivered to them by Nazarbayev University is non satisfying. *“To strengthen the capacity of strategic management of universities, there used to be some seminars but last days I have not noticed any significant actions from the state to address this question. Second, on the basis of Nazarbayev University we received seminars, but in my own opinion whatever we have learned at Nazarbayev University is not something new. We have been doing those practices for many years”*. It is undeniable that the practices acquired during the seminars might not be a discovery for top management of other public universities in Kazakhstan, but how these possessed ability to regulate universities with greater autonomy is practiced and how decisions are made internally is one of the issues to focus on in the future.

All in all, according to the changes happening at the governmental steering of public higher education institutions, central government is making moves towards where state is not regarded as the sole influential actor but as a facilitator in the market environment. In this process central government is relying on the

experiences of the international partners, however, as one dean put it: *“Kazakhstan needs to identify one country to take it as a role model, because once we adopted Finish model, other times we followed Anglo-Saxon countries, and other times American model. It should not be this way”*. Indeed, if one task would be to address this question, other question that should be addressed during following other countries models is the financial match between Kazakhstan and country whose strategy is adopted. Many interview participants spoke of the issue of financial matters being left for the last during the planning process, thus, leaving big plans as mere declarations without meaningful impact.

In this sense, steering of higher education in the country is somewhat hybridized with the mix of steering approaches. This is because besides marketisation creation of Supervisory Boards illustrate that government is also trying to move towards the corporate pluralist steering model. Even though transferring of universities to joint-stock companies or marketisation of higher education system comprises elements of corporate pluralists steering model, according to Gornitzka and Maassen (2000) corporate pluralist approach in market model is based where different stakeholders or boards exist because they earn their position due to their resources available. Whereas corporate governance approach in Kazakhstan is realised through the boards taking the authority through the legitimised priori with the appointment of National Chamber. Therefore, even though it is impossible to achieve the ideal type of steering, the Ministry of Education should be clear in their direction of changes. If the Ministry of Education want universities to be financially self-sustaining and endowment funding to work properly, there should also be flexibility in the creation of Supervisory Boards. This is because according to the interview results with the private university, the development of the university does not depend on the legal organizational form of the university, either it is joint-stock company or non-profit organization. Interview participant spoke of the importance of the Supervisory Board as she reflected that university development primarily depends on the Boards, where they want university to be in certain years, and what kind of top management they choose for governing of the university.

## **Discussions and Recommendations**

All in all, governmental steering of universities with extended autonomy in Kazakhstan should not simply be delegation of technical tasks to universities or creating of additional principals. In its broadest sense in today’s competitive environment, governance of higher education is concerned with the formal and informal processes by which reforms are implemented, university management or boards are created as well as

flexibility and negotiations among the different actors during decision making and resource allocation are supported.

To conclude, results show that there are conflicts of interests and differences in the views of both universities and Ministry of Education officials regarding academic autonomy, financing of public universities and transferring of universities to new legal organizational form. Moreover, findings also suggest that the further expansion of university freedom will be possible if modification will be made to the implementation process of established reforms that suffers from path dependency nature coupled with hybridized approach.

Therefore in order to avoid the goal conflicts and differences in the views of universities and state authorities, number of questions need to be addressed. On the state level, first, with the freedom given to universities in the academic programme control, the academic scope and capacity of each university will need to be defined and differentiated (e.g. Economic, Business, Engineering oriented), so that students and wider population will have the right information to help them make the correct decision in transferring or choosing the university. Second, if universities to become financially self-sustaining, the central government needs to articulate the role of the board as a stakeholder but not as a legitimized priori selected by the state. Third, accountability measures will need to be directed to improve the system, especially so that increased competition for fee based students will not harm the quality of education. Fourth, in transferring of universities to legal organisational form, the budgeting mechanism needs to be clearly laid out for universities to avoid future information asymmetry. Finally, the new selection of university rector is the potential step forward to increase the accountability of university rectors to the Supervisory Board, but it needs clear formulation of Boards' function so that they will not act as principals to universities. Another step that has the potential is the international partnerships, but both at the institutional level and at the level of the state financial ability of universities and the country as a whole needs to be put forward in creating new developments.

On the university level, questions that need to be handled first is the creation of proper learning outcomes to better maneuver the academic freedom granted to them, so that there will be targeted quality improvement in academic programmes as well as flexibility in transferring or recruiting new students. Another realm that needs attention is that earlier mentioned differentiation and defining the scope of universities not only needs to be guided by the Ministry of Education. In the era where universities work with multiple environments, they need to possess the ability to differentiate *themselves* as new mechanism of endow-

ment funding or depending on different stakeholders or donors will require initiatives steam from the inside the universities and their self-determination, but not imposed by the state. Therefore, important area to focus for universities is their search for internal structures and governance approaches. Even though practices acquired during the capacity building seminars are not new for them, university management will need to modify their approach in utilising those skills in internal decision making.

Therefore, analysis of all the findings indicate towards the further investigation of governance of universities as an organisation, because autonomy of universities not only involves freedom from the state intervention but also involves increased capacity of universities to be able to govern internal university functions such as research, staff, finance and teaching. This is because, based on the coercive forces from the environment universities make normative changes. Therefore, after identifying the challenges in the area of university autonomy, there is an urgent need for further empirical study on how exactly universities are being governed with the autonomy that is being granted to them.

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