Governance and Management of Universities

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Environment Change in Korea

- Expect a decline in enrollment rate
  - By 150,000 students in 15 years
- Declare to give more autonomy to universities
  - 80% of universities in Korea are private institutions
  - Tight control in the past
- Recession will persist in the near future
  - Difficult to fund-raise from industry
  - Not easy to raise tuition fees
Enrollment Decrease

693,000 in 2011

455,000 in 2023
President Lee’s Policy

◆ Myong-Bak Lee says,
  ❖ “University is also a company. It can be exited if it has no competitiveness.”

◆ Exit criteria
  ❖ Decision based on evaluation (e.g., student enrollment, financial health, and potentials)
  ❖ Government support based on job placement
  ❖ Select research-focused universities and give government subsidy
KU Governance Structure

- The existing structure
  - Board of trustees
  - The Management Board

- Observations
  - No senate system even though the Faculty Council exists
  - Strong voice from student and staff union bodies
  - The Board of trustees sets up its own mission and strategies and the university president implements them.
Autonomy Issues

- Must demonstrate compliance with respect to
  - specified industrial relations policies and
  - governance protocols regulating the composition and behavior of our governing body

- The operating grant takes the form of a contract
  - Must admit a specified number of students in defined disciplined areas with tight tolerance limits for over-enrolling and under-enrolling
Interest Parties

Potential Interference

Board of Trustees

Government

Student Body & Union

Effectiveness Efficiency

Financing Investing Operating

More autonomy requires more voluntary monitoring
University Transformation

- Specialization in administration and advancement in system
- System build-up to support continuation of pursuing strategy
- Need more AUTONOMY
- Evaluation and remuneration
Internal Control over Financial Reporting

- Build – Implement – Monitor
- Enhance efficiency of management system

**BEST PRACTICE**

- Step 1: Diagnosis on Internal Control System
- Step 2: Building Internal Control System
- Step 3: Cost Analysis System
- Step 4: Performance Evaluation System
Example: Basis for Decision-making

Ratio of Revenues to education cost by school
Staff Training Programs

◆ Purpose
  ❖ Enhance staff specialization and capacity

◆ Programs
  ❖ KU ABC (Administration, Business & Culture) program: similar to Advanced Management Program
  ❖ KU Academy (Intensive, Winter/Summer)
  ❖ Benchmarking top-leading schools
  ❖ Outsourcing courses/lecturers/programs
  ❖ Financial support for degree programs
Recommendations

◆ The university should be responsible for operational matters
  ▶ Key performance indicators allow the government and its Board to monitor the operation of the university
◆ It is the university’s best interest to voluntarily adopt such key indicators
  ▶ This allows the university to have an effective channel to communicate with the government and its board
◆ The university should be financially transparent and operationally efficient
  ▶ The university should adopt the best practice for operation and innovation
◆ Internationally active and recognized
Life is ..... too short to be serious!