



DEVELOPMENT OF FINANCIAL AND ECONOMIC AUTONOMY IN THE FIELD OF HIGHER EDUCATION

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ABSTRACT

The development of alternative management tools to the old management models increasingly requires the expansion of autonomy in the activities of higher education institutions. A prominent place in the system of autonomy of the university is occupied by the aspect of financial independence. This article is devoted to the analysis and generalization of key global trends in the development of financial autonomy by higher education institutions, highlighting the complex process of autonomy of universities, studying the world experience of expanding their autonomy on the right to dispose of funds and organize other financial processes. The study outlined further prospects for increasing the financial and economic independence of universities, clarified the current and projected limits of the powers of universities in the paradigm of developed and legally established model of autonomy, identified effective solutions to the complex process of financial and economic autonomy. The results of the study can be used to learn the processes of expanding the financial and economic autonomy of higher education institutions in the global dimension.

Keywords: Higher education. Higher education institutions. Financial and economic autonomy. University management. Decentralization.

DESENVOLVIMENTO DA AUTONOMIA FINANCEIRA E ECONÔMICA NO CAMPO DO ENSINO SUPERIOR

DESARROLLO DE LA AUTONOMÍA FINANCIERA Y ECONÓMICA EN EL ÁMBITO DE LA EDUCACIÓN SUPERIOR

RESUMO

O desenvolvimento de ferramentas de gestão alternativas aos antigos modelos de gestão exige cada vez mais a ampliação da autonomia nas atividades das instituições de ensino superior. Este artigo dedica-se à análise e generalização das principais tendências globais no desenvolvimento da autonomia financeira pelas instituições de ensino superior, destacando o complexo processo de autonomia das universidades, estudando a experiência global de ampliar sua autonomia sobre o direito de ter fundos e organizar outros processos financeiros. O estudo traçou novas perspectivas para aumentar a independência financeira e econômica das universidades, esclareceu os limites atuais e projetados das faculdades universitárias no paradigma de um modelo de autonomia desenvolvido e legalmente estabelecido, identificou soluções efetivas para o complexo processo de autonomia financeira e econômica. Os resultados do estudo podem ser utilizados para aprender os processos de ampliação da autonomia financeira e econômica das instituições de ensino superior na dimensão global.

Palavras-chave: Ensino superior. Instituições de ensino superior. Autonomia financeira e econômica. Gestão universitária. Descentralização.

RESUMEN

El desarrollo de herramientas de gestión alternativas a los antiguos modelos de gestión requiere cada vez más la expansión de la autonomía en las actividades de las instituciones de educación superior. Este artículo está dedicado al análisis y generalización de las tendencias globales clave en el desarrollo de la autonomía financiera por parte de las instituciones de educación superior, destacando el complejo proceso de autonomía de las universidades, estudiando la experiencia mundial de ampliar su autonomía sobre el derecho a disponer de fondos y organizar otros procesos financieros. El estudio esbozó nuevas perspectivas para aumentar la independencia financiera y económica de las universidades, aclaró los límites actuales y proyectados de las facultades de las universidades en el paradigma de un modelo de autonomía desarrollado y legalmente establecido, identificó soluciones efectivas al complejo proceso de autonomía financiera y económica. Los resultados del estudio se pueden utilizar para aprender los procesos de expansión de la autonomía financiera y económica de las instituciones de educación superior en la dimensión global.

Palabras-clave: Educación superior. Instituciones de educación superior. Autonomía financiera y económica. Gestión universitaria. Descentralización.

INTRODUCTION

Decentralization processes, which have covered all key spheres of public life in recent decades, significantly change the models of public funding, in particular in the field of higher education. The innovations in public management are developing very fast. This requires the development of effective and balanced methods of managing higher education institutions, which would control the quality of educational services, on the one hand, and provide opportunities for self-determination as a driving force in educational services, on the other one. The position of the Organization for Economic Co-operation and Development on higher education is to support strategically the competitiveness of universities, which are forced to operate in a situation of constant struggle for supremacy in a market economy. This is measured primarily by the number of students in it - the main indicator of the quality of higher education institutions.

For public universities, this struggle is not a simple thing: on the one hand, more liberal, able to respond more quickly to the challenges of the time and therefore often more attractive for private sector of free economic education, on the other hand - competition at the international level. The notion of borders is erased and a single world educational space is formed under the influence of globalization tendencies. In this situation only the strongest acquire the right to exist. So, the model of direct management of universities by governments is no longer appropriate (OECD, 2003). The topic of cooperation between universities and the state on a partnership basis in the context of decentralization of power is especially relevant. Speaking about the parity bases of the state's interaction with the sphere of higher education, it should be understood that it is first of all about changes in the financial provision of universities. Any innovations during the domination of market systems are purely nominal without the financial provision. In fact, there is a tendency to significantly reduce the volume of public procurement in all state universities.

So, the number of contract students is growing. This radically affects the role of universities in the paradigm of the state economy: they become active participants in economic development with the prospect of not drawing from the state budget and not to be a burden for the state budget. They start to contribute to its content. However, every modern university faces the problem of competitiveness in the market of educational services. Being competitive means meeting the requirements of the modern world and having a clear strategy for further development. All this supposes the necessity to develop and implement short- and long-term projects, which inevitably contains a financial component and forms an urgent need to expand financial and economic autonomy. The aim of the study is to identify the main components of financial and economic autonomy of higher educational institutions in modern conditions and key opportunities for strengthening the financial and economic autonomy of higher educational institutions. Research tasks:

1. To identify and characterize the main components of financial and economic autonomy of higher educational institutions in modern conditions.
2. Analyze and summarize the main trends in the development of financial autonomy of higher education institutions in the EU. It is important to consider all cases on increasing the level of financial and economic autonomy of higher educational institutions in certain EU countries.
3. It is important to highlight the features of the autonomy of higher education institutions, outline further prospects for expanding the autonomy of universities, clarify the current and possible limits of the powers of universities in the framework of the model that is well developed and legislated by specific countries.
4. To identify effective solutions for higher education institutions and clarify the complex process of their autonomy.

LITERATURE REVIEW

The concept of university autonomy is complex, multicomponent (STRATAN & MANOLE, 2017). A number of researchers define the basic component of the financial isolation of the university as the main factor that provides all other components of the concept: academic, organizational autonomy, staff autonomy, etc. (PENNEMAN ET AL., 2000; FELT AND GLANZ, 2003; TRICK, 2015; ESTERMANN & PRUVOT, 2018). Financial autonomy is mostly understood as the right of a university to form a financial reserve and maintain a surplus of state funding, the right to determine the amount of annual tuition fees, attract credit and investment funds, issue shares and bonds, own and dispose of real estate on the university balance (NURGALIYEVA et al., 2018; RAYEVNIEVA et al., 2018). In the conditions of financial autonomy, the cooperation of universities with industry,

business and public organizations is encouraged in order to promote innovation, knowledge transfer and expansion of entrepreneurial activity of universities (MOK, 2019; CHOI, 2019; MAASSEN et al., 2017).

Almagtomea et al. (2019) focuses on the assessment of the interaction between the concepts of universities, financial sustainability of state development and financial accountability of higher educational institutions to the public sector. An attempt was made to reveal the potential of the university to function financially independently on the example of the analysis of the reporting of the University of Kota (India) for 2015-2017. We also relied on our own financial resources. A fundamental factor in achieving financial sustainability for any university is the provision of reliable information in the financial statements. This makes it possible to identify priority areas of educational services (stimulate financially profitable specialties and stop financing unprofitable).

Conrath-Hargreaves & Wüstemann (2019) consider the problem of university autonomy as a component of the transition to a "knowledge-based economy" and are among the first to address the issue of accounting autonomy of German universities. The Indonesian practice of financial autonomy in higher education is systematized by Waluyo (2018). The autonomy of universities is realized through the simplification of financial procedures, but the issue of balancing the financial autonomy of universities and state control over their activities remains in need of effective and immediate solutions. Sankaran & Joshi (2016) analyzes the autonomy of Indian universities, drawing attention to its declarative nature and lack of mechanisms for implementing financial independence, as well as the lack of funding for free economic education in general.

Kohtamäki (2020) assesses the experience of expanding the financial autonomy of Finnish universities. It is noted that the main motives for obtaining financial independence of the heads of institutions are the legitimized status of "player" in a competitive educational environment, power over the finances of the institution, financial benefits. Private universities seek to maximize their prestige, increase their rankings (increase competitiveness) with the benefits of financial autonomy. While public universities aim to consolidate their status as major regional or national providers in education and research. Erçetin and Findik (2018) conducted a study comparing the indicators of autonomy in the universities of Great Britain, the Netherlands and France.

A comparative analysis has led to the conclusion that French universities currently have the least autonomy, which is severely restricted in the freedom to make organizational, financial, staff and academic decisions outside the control of the state. Considering the Turkish experience in expanding financial autonomy, Yilmaz (2017) focuses on the mechanisms for determining tuition fees in the paradigm of acquired universities, as well as on what loan options are available to students. The issue is revealed in a comparative aspect with the universities of Australia. Pūraitė et al. (2017), analyzing the models of financing of universities in Lithuania in diachrony and synchrony, concludes that none of them due to lack of funding and functional unsuitability of the schemes of circulation of funds allocated for higher education could ensure access to education and proper quality of educational services. Qualified teaching staff is also a big problem. Funding for universities plays a key role in achieving sustainable development.

The leading idea is that in the absence or lack of autonomy, universities cannot innovate, respond effectively to social and economic changes in the country and fail to meet the expectations of generations of students to achieve a better quality of life within their country. This entails a number of other negative social processes, in particular, leads to the outflow of young people abroad in search of better alternatives. Denmark introduced financial autonomy for its universities. T. Szwebs (2016) shows that in 2007 the country had to unite 12 universities and 13 national research institutes in 8 universities and 3 national research institutes for the effectiveness of the implementation of theoretical mechanisms of this concept. This consolidation has increased the resilience of institutions, including financial ones, their ability to respond to innovative solutions and respond to challenges on the basis of stability and sustainable development.

Sitnicki (2018) developed an effective synergetic model for ensuring the financial autonomy of universities on the example of the analysis of the financial experience of the University of Oxford and Stanford University. This model is aimed at strategic management of sources of income and is based on the interaction of four key processes: the functioning of the business school and graduate school; financial cooperation with university graduates; functioning of an independent center for providing consulting services; functioning of the center of innovative technologies and support of startups. So, the problem of acquiring financial autonomy by institutions of higher education is widely reflected in scientific publications in the form of cases and explorations of a general strategic nature. Nevertheless, the issue of autonomy of the financial sphere in the activities of universities remains new and open for further research. This is necessary in order to find effective management solutions and conceptualize the concept of financial autonomy in higher education.

AIMS

The purpose of this study is to analyze and summarize the main trends in the development of financial autonomy in higher education institutions. It is very important to single out the features of university autonomy. There is a need to outline further prospects for expanding the autonomy of universities and to clarify the current and projected limits of the powers of universities within the framework of the model of autonomy developed and legally established by specific states. Effective solutions to the complex process of university autonomy also need to be identified.

METHODS

The realization of the purpose of this study involves the involvement of such research methods as:

- analysis of the legal framework of the world's leading countries and international educational organizations on the university autonomy;
- study of specific experience (cases) of countries that demonstrate success in granting financial autonomy to universities;
- method of comparative analysis (regarding the legal framework and efficiency indicators as a result of expanding the financial freedom of universities);
- system and logical analysis, method of information synthesis;
- analysis, systematization, generalization of the latest scientific publications and statistical data published by governments and accountable organizations on the peculiarities of the development of financial autonomy in the field of higher education.

A wide application of the principle of interdisciplinarity can be found in the study: through the analysis of legal mechanisms (legislative acts of countries, international strategies for the development of higher education, etc.) reveals the impact of financial regulation of higher education institutions on the autonomy of universities.

RESULTS

The principles of university funding have changed significantly in recent decades and have changed significantly in most developed countries. First of all, it should be noted the increase in total funding of universities from private households. The public funding often remains constant or even decreases. It will be shown below on the basis of official data. The trend of access to higher education has led to a significant increase in the number of students in higher education institutions. So, 2.4 million of students studied in universities in the United Kingdom in the 2018-2019 academic year (BOLTON, 2020).

One of the effective tools for the introduction of financial autonomy in universities is agentification. It involves the activities (through the creation or restructuring of existing institutions) of semi-autonomous government organizations "within arm's length from the government" (VERHOEST, 2017). The semi-autonomous model assumes that educational institutions are formally under certain control by the state bodies. Universities are accountable to them. As semi-autonomous organizations, higher educational institutions have the authority to perform state-defined regulatory or service tasks (for example, to provide quality educational services) and to implement state policy principles in the niche they institutionally represent. The main difference between such institutions is their own financial resource. They have the right to dispose this financial resource.

Governments generally allocate funds to universities not through detailed budget allocations, but on the basis of lump sums or targeted subsidies. Reforming the ways of interaction between the state and universities involved the inclusion of a set of measures to introduce or increase the annual tuition fee, the distribution of the target budget of the educational institution, the contractual obligations of universities. New management strategies in higher education are being promoted at the level of numerous international organizations, including the OECD, the European University Association (EUA) and the World Bank. For example, on May 15, 2017, the World Bank Board of Directors allocated \$ 155 million to fund the research, teaching and organizational capacity of three autonomous universities in Vietnam to improve governance schemes in the country (WORLD BANK, 2017).

The mechanism of effective management proposed by the OECD (2003) provides a balance between state control and competitiveness laws in a market economy. Support from the state is expressed in the form of a

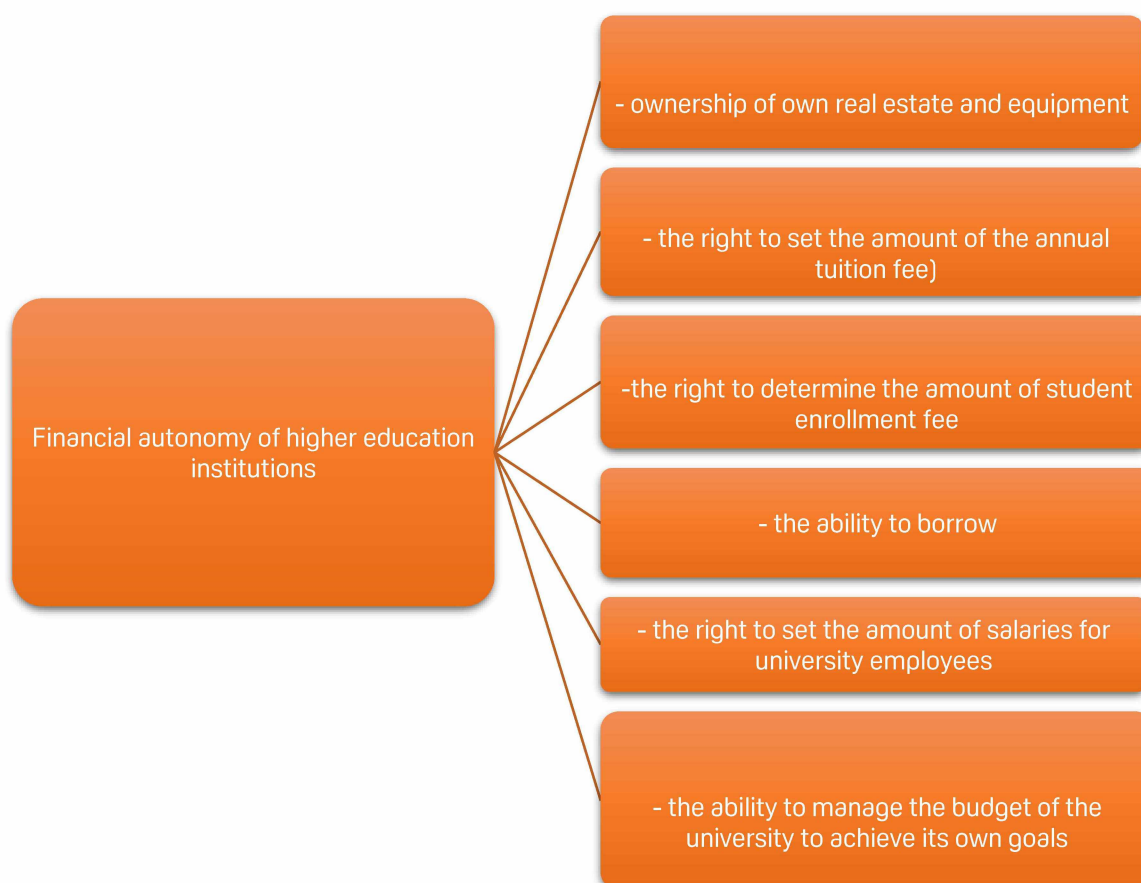
one-time allocation. More priority is the financing of institutions with students and business (investments, partnerships, etc.). Such a system is focused on the development of all possible forms of cooperation between the universities and the business sphere and encourages contract education.

Governments seek to hold higher education institutions accountable in exchange for autonomy. They directly link government funding to university performance. The state publicly evaluates the activities of such an institution on all qualitative indicators. So, the functional principle of evaluating the activities of the university comes to the fore, where one of the key indicators is financial success. The model is quite justified. If the institution, offering its educational services, receives the appropriate demand from customers, filling contract places within its licensed volume, it can be a generalized quality indicator for all possible performance criteria.

Higher education institutions have to work hard to meet state funding and regulation criteria, on the one hand, and at the same time strengthen their market position, on the other hand. Efficiency here is formed only in the presence of a clear strategy and ability to respond quickly to the challenges of the modern world. It is enough to assess the situation with the urgent and critical demand for distance education due to the Covid-19 pandemic. Under the conditions of the pandemic, the worst situation was with universities that had outdated methods of education, which excluded the possibility of distant, extracurricular interaction "teacher / student", "administration / teacher", "student / student".

Universities face a clear requirement to find a balance between the implementation of its academic mission (which was previously in a dominant position) and the executive potential of a competitive player in its niche. They have to be economically attractive to the state. They need to be strategically, professionally and strategically profitable. The main semantic components of the financial autonomy of higher educational institutions are given in Figure 1.

Figure 1. Key markers of financial autonomy of higher education institutions



Source: Compiled by authors on the data of the OECD (2003)

According to the OECD (2003), the autonomy of universities in Austria and the Nordic countries is relatively limited, in particular with regard to tuition fees. Instead, the universities of the Netherlands, Poland, Ireland, and the United Kingdom have the greatest right to be financially independent of the state. In the Netherlands

universities can decide the amount of salary for their employees if this amount corresponds to the average salary level in other universities in the country. The universities of the Netherlands have been able to determine tuition fees for part-time students and those who have individual schedule since 1996. In general, universities in this country generally keep tuition fees at the level of minimum rates set by the government.

The universities in the United Kingdom of Great Britain can borrow to meet their own objectives, provided that the amount of the loan does not exceed the limits set by the Financing Boards. Tuition fees are regulated by state requirements. However, since 2017, the UK government has allowed universities that provide high quality teaching to increase annually tuition fees. Polish universities can make their own decisions about the salaries of their staff. This is possible if they are not lower than the limits set by the state. On October 1, 2020, a new Law on Higher Education and Science (2018) enters into force in Poland, which stipulates that the duty of public authorities is, *inter alia*, to ensure the autonomy of universities (Article 3.1, Article 9.2).

The right to conduct autonomous economic activities, which is separated financially and organizationally, is enshrined in Article 12. It is significant that in the case of registration of a new non-governmental university, the founder undertakes to provide the higher education institution with an amount of not less than PLN 3 million. These funds are deposited in the bank account of the university within 30 days from the date of registration in the official list of Polish universities. Article 79.1 of this Law regulates the set of paid services that may be provided by a state university.

They concern the establishment of a fee for distance learning; re-course fees for full-time students with an unsatisfactory level of academic performance; teaching in a foreign language; additional training courses not included in the curriculum; providing foreigners with full-time education in Polish; control of quality learning outcomes; issuance of a record book and student card, as well as duplicates of these documents; issuance of a copy of the diploma and the diploma supplement in a foreign language; student dormitory and dining room.

Article 408 - the Polish Higher Education Act declares the right of a state higher education institution to dispose of its funds independently on the basis of a material and financial plan and in accordance with the provisions on public finances. For non-state universities, the requirement of compliance with resource management from the state budget is added. Universities are required to keep accounts. It is also regulated that every higher education institution must have a scholarship fund and a support fund for people with disabilities. The state can support universities. The higher educational institution is exempted from the permanent fee for the usage of real estate of the State Treasury in the case of providing it with real estate for the purpose of organizing educational activities. Poland monitors and audits the financial activities of state universities. Its annual financial statements must be audited by an audit firm. The right to choose such a firm has the board of a higher education institution.

If the amount of losses in a state higher education institution for a period not exceeding 5 years is more than 20% of the amount of subsidies and grants received in the year preceding the current financial year, such educational institution must draw up a recovery plan that will a set of measures aimed at making the activities of this university profitable.

The Irish experience of financial autonomy of higher education institutions provides that universities can borrow on a self-financing basis (for example, student housing) and can borrow for other purposes, provided that the financing costs (including debt repayment) are based on a ten-year repayment period and do not exceed 4% of the income of the university. It is defined as the sum of the basic income from teaching (it consists of a state scholarship, student fees and other income) and income received from research.

Irish universities may decide on the salaries of their staff, but only with the approval of the Minister of Education and Science and the Minister of Finance. In addition, Irish universities have the legal right to set the tuition fee per year, but only in consultation with public authorities (OECD, 2003).

The state is willing to give the least freedom to universities in determining the amount of annual tuition fees from all six listed markers of financial autonomy (Figure 1). Mexico has full autonomy from the OECD according to this indicator, but in reality the cost of tuition services in this country is low.

However, universities set their tuition fees even where they are severely restricted by the state. The situation is slightly better with regard to the established tuition fees for foreign students. In particular, this applies to the universities of Denmark and Finland, which are prohibited from charging tuition fees to their citizens. Since 2016, in Italy there is a differentiation between a) Italian students, b) students from EU countries and foreigners.

Sweden, whose higher education system prohibits the tuition fees from national and EU students, has introduced tuition fees for foreign students since 2011 and universities can set this fee at their discretion. This reform has

led to a sharp reduction in non-EU students: the number of non-EU students has fallen by a record 90% in the first year, forcing Sweden to consider ways to rehabilitate universities in terms of attractiveness for foreigners through the scholarship mechanism (ESTERMANN & PRUVOT, 2018). Typical recommendations of the OECD and the World Bank to support the university financial autonomy are:

- increase in the percentage of public expenditures on education in relation to GDP;
- increase in funding for research, most of which should be delegated to research groups and projects on a competitive basis as a result of independent evaluation by experts of scientific proposals of participants in the competition;
- creation of a special scholarship fund to attract students to specialties that are a high national or regional priority;
- permission of state universities to operate according to the same management rules that apply to private universities;
- providing universities with the possibility of a subsidy for education and assistance in the form of a grant, which can be used to regulate the financial situation of the university;
- guaranteeing equal tax rules for all higher education institutions;
- a requirement for all higher education institutions to ensure openness in the use of their own resources through standardized and transparent financial practices, as well as the preparation of annual financial statements, which will be audited by independent experts;
- addressing the issue of availability of study loans for students who need it;
- creation of a reliable information management system in order to collect data on key personal qualities and social characteristics of students (socio-economic origin, gender, rural / urban, ethnic origin, etc.), which will be used to analyze public expenditures and corrective actions in policy;
- development of a new legal framework that provides a greater level of autonomy of higher education institutions.

There is the first requirement - an increase in the percentage of education expenses relative to GDP. According to Eurostat data, it is advisable to compare the level of expenditures in the leading European countries (Table 1).

Table 1. Government expenses on higher education in relation to GDP, %

Country of Europe	Expenses on educational needs General (%)		Expenses for financing higher education (%)	
	2012	2017	2012	2017
	-	7,33	-	2,45
1. Denmark	7,38	7,06	2,01	1,79
2. Sweden	-	6,94	1,98	2,11
3. Norway	6,43	6,29	1,43	1,45
4. Belgium	5,46	5,45	1,24	1,23
5. France	-	5,36	-	1,44
6. Great Britain	5,62	5,25	1,89	1,71
7. Austria	5,89	5,18	1,70	1,59
8. The Netherlands	-	5,05	-	1,36
9. Switzerland	4,91	4,56	1,15	1,08
10. Poland	4,64	4,53	1,28	1,25
11. Germany	5,44	4,48	1,23	0,95
12. Slovenia	6,59	4,40	1,36	0,69
13. Latvia	4,07	4,19	0,82	0,80
14. Hungary	3,68	4,09	0,66	0,81
15. Bulgaria	4,08	4,04	0,79	0,75
16. Italy	4,34	4,07	1,02	0,93
17. Spain	4,33	3,77	1,05	0,70
18. The Czech Republic	4,39	3,57	0,45	0,46
19. Luxembourg	4,83	3,67	1,40	0,75
20. Lithuania	3,64	3,41	0,75	0,62
21. Greece	2,64	2,69	0,78	0,72

*** EU countries were not taken into account, according to which Eurostat does not have data on the criterion of % of GDP expenditures on education in 2017: Serbia, Turkey, Liechtenstein, Croatia, Ireland, Estonia.

Source: Compiled by the authors by official data of Eurostat (2020).

Let's have a look at the first criterion - a comparison of expenses on educational needs in general (including all areas of education). Countries are in descending order of the percentage of these expenditures in 2017. So, Denmark spends the most on education, and Romania the least. Interestingly, in the context of the 5-year period, the dominant trend is to reduce the percentage of GDP on education funding. Romania shows very little growth dynamics (only 0.05%). Next, it is advisable to compare whether such dynamics persist in higher education. And here it is impossible to draw an unambiguous conclusion. According to this criterion, Denmark still maintains a leading position among European countries: 33% of the total educational expenses of the state account for higher education in 2017. While Luxembourg allocates only 0.46% of its GDP to higher education, which is only about 13% of total government spending on education in 2017. Lithuania shows a very sharp decline in funding for higher education in the dynamics: for five years, expenses fell by a record 46 %. In general, in 2017 in almost all countries there is a tendency to reduce spending on higher education. Norway stands out insignificantly. It is also noteworthy that, despite mediocre public funding of higher education (relative to % of GDP), UK institutions dominate the world rankings of higher education (Table 2): eight are in the United Kingdom, 2 - in Switzerland of the top ten universities in Europe.

Table 2. Europe University Ranking in the World Dimension

Place in the ranking Europe 2020	Place in the world ranking 2020	Name of higher education institution	Country
1	4	University of Oxford	United Kingdom
2	6	ETH Zurich-Swiss Federal Institute of Technology	Switzerland
3	7	University of Cambridge	United Kingdom
4	8	University College London (UCL)	United Kingdom
5	9	Imperial College London	United Kingdom
6	18	Swiss Federal Institute of Technology Lausanne (École polytechnique fédérale de Lausanne)	Switzerland
7	20	The University of Edinburgh	United Kingdom
8	27	The University of Manchester	United Kingdom
9	33	King's College London	United Kingdom
10	44	London School of Economics and Political Science (LSE)	United Kingdom

Source: QS World University Rankings (2020)

In these facts it is possible to trace the regularities allowing drawing the following conclusions:

- The United Kingdom occupies a leading position on the level of university autonomy in Europe, in particular on financial independence: autonomy, multiplied by centuries of positive management experience in higher education, allows universities to dominate the continental and world rankings;
- The favorable factors outlined above allow the country to keep spending on education at an intermediate level, compared to other countries in Europe / world, without compromising the quality of higher education.

In the context of the topic, it is advisable to use the official data of HESA - the Agency for Higher Education Statistics in the UK. One of the reports concerns the description of the structure of income and expenses. Let's take three British universities that hold the world rankings. The results are presented in Table 3, 4.

Table 3. Income summary on selected GB HEIs

Heigh Education Provider	Income (£000s)						Total income
	Tuition fees and education contracts	Funding body grants	Research grants and contracts	Other income	Investment income	Donations and endowments	
The University of Oxford	353,837	193,116	624,743	1,061,214	104,631	112,595	2,450,136
The University of Cambridge	320,150	181,860	592,388	946,042	40,225	111,388	2,192,053
University College London	564,898	213,479	481,083	179,240	7,870	40,509	1,487,079

Source: Compiled by the authors based on the data provided by HESA (2019).

Table 4. Expenditure summary on selected GB HEIs

Heigh Education Provider	Expenditure (£000s)					Total expenditure
	Staff costs	Fundamental restructuring costs	Other operating expenses	Depreciation	Interest and other finance costs	
The University of Oxford	1,337,125	0	1,066,796	145,231	33,087	2,582,239
The University of Cambridge	1,134,960	0	969,690	111,668	91,186	2,307,50
University College London	1,045,636	0	531,123	86,140	8,464	1,671,36

Source: Compiled by the authors based on the data provided by HESA (2019).

According to the official data of Universities UK (UUK), which is a representative organization for universities in the UK, there were 164 higher education institutions in the country in 2014-2015 that received state funding. In total, direct government funding in 2014-2015 accounted for just over a quarter of all revenues for all educational institutions in the UK (the state funds less than 1/5 of teaching costs and 66% of research expenses). The interaction between educational institutions and the business sector is very common in the country. The total revenue of all UK universities in 2014-15 was 33.2 billion. The amount of 4.2 billion came from business cooperation (32% of this money came from contracts with government and third sector organizations; 20% - contracts for big business (10,859 contracts). Universities share their intellectual achievements by collaborating with businesses, which have been defined as 'knowledge exchange'. Knowledge exchange stimulates innovation and economic growth at both local and national levels. This way of interaction is mutually beneficial. Universities receive income from knowledge exchange models and reinvest this income in their own development.

British universities are becoming active players in the national economy and producing 95 billion pounds of gross output in 2014-15. This is a result of effective financial management. The UK university sector makes a significant contribution to the country's GDP of £ 52.9 billion - gross value added (GVA); provides almost 944,000 jobs of all skill levels in the UK economy; generates £ 14.1 billion in tax revenue for the government (equivalent to 2.7% of all tax revenue in 2014-15) (UUK, 2016). One of the effective tools for the introduction of financial autonomy in universities is agentification, which involves the activities (through the creation or restructuring of existing institutions) of semi-autonomous government organizations "nearby the government" (VERHOEST, 2017). The semi-autonomous model assumes that educational institutions are formally under some control by the state bodies to which they are accountable.

As semi-autonomous organizations, universities have the authority to perform state-defined regulatory or service-oriented tasks (for example, to provide quality educational services) and to implement state policy principles in the niche they institutionally represent. The main difference between such institutions is the availability of their own financial resources, which they have the right to dispose of. It has already been mentioned above that the state policy encourages the increase of contract places in universities in comparison with budget places. There has been a significant jump in the cost of educational services in many countries in recent years. This led to a collapse in number of students, directly affecting the number of entrants to the universities. In the UK the number of applicants decreased by 7.6% in 2012 due to a sharp rise in tuition fees to 9,000 pounds / year. (BOLTON, 2020).

However, the situation has gradually leveled off and today the country is showing a record number of entrants to universities. This is despite the fact that in 2017-2018 the limit on the cost of education in the universities increased to 9,250 pounds / year. According to UCAS reports, in 2019 the number of students admitted to study in the UK was 541 thousand. For comparison, in 2000 this number was only 340 thousand. These data over a 20-year period show an increase in the number of applicants by 37%. However, the process of raising prices for the year of study and increasing the number of contract places was also observed. An indicator of the effectiveness of radical reforms in higher education, which in the UK have had a dynamic start since 2012, expanding the university autonomy, development and implementation of effective management techniques in university management, the balance between state control and independence of educational institutions is that total income British universities in 2016-2017 amounted to 35.7 billion pounds (positive growth dynamics: this figure is 1 billion pounds higher than in the previous 2015-2016). Only half of them received tuition fees. In general, sources of income were distributed as follows (UNIVERSITIES UK, 2018):

- from education contracts - 50%;
- research activity - 22%;
- other income - 19%: income received from the supply of goods and services from local authorities, residences and catering establishments, as well as from intellectual property rights;
- government funding for teaching - only 6%;
- grants and investments - 2%.

The activities of higher education institutions in the UK are regulated by The Office for Students (OfS). The new financial reporting standard in the United Kingdom has led to significant changes in the reporting system for the distribution and use of freelance funds. As part of the reform of university autonomy during the initial registration of the university and continuous follow-up of its activities, the potential and current provider of educational services must demonstrate financial viability and sustainability, which is expressed in start-up capital and further financial performance. The task of OfS is to monitor closely the activities of providers in the field of higher education services, checking them for early signs of financial difficulties with immediate intervention where there is an increased risk for the activities of HEIs in the future. The head of the educational institution must strictly adhere to the requirements of planning the financial activities of the university in case of unforeseen situations in order to ensure the maintenance of a stable level of cash flows and investments. University managers are required to notify OfS of any material changes in the financial position of their university that are present or expected or to report on other results of operations that are subject to financial reporting.

The official report on the financial sustainability of higher education institutions in England for 2019 shows that at the present stage the sector of higher education institutions demonstrates a "sufficient" level of financial development (OFS, 2019). However, the positive dynamics of development hides significant shortcomings in the financial performance of individual providers of educational services. Further actions of OfS and the state in the higher education sector will be aimed at reconciling differences. It will be made by terminating the activities of unprofitable educational institutions.

DISCUSSION

The lack of a single concept for the interpretation of the notion of university autonomy and a single implementation mechanism hinders the steady development of approaches to evaluation and the results of implementation of theoretical principles of financial autonomy of universities. Understanding the concept of university autonomy, including its financial component in a particular country, is formed with a focus on established norms and procedures that have historically developed in the system of public administration, university traditions, the level of culture, science and education in the country (NURGALIYEVA et al., 2018). Considering the development of financial autonomy in higher education, it is important to note that the problem of its insufficiency often does not depend on the level of economic development of the country.

So, Conrath-Hargreaves & Wüstemann (2019) emphasize that despite the high rates of economic development in modern Germany, the issue of increasing the financial independence of higher education institutions is also urgent, despite the fact that the country is in the G8. Today, leading experts in the field of higher education (university leaders, OECD experts) take a clear position that the functioning of higher education without autonomy under strict state regulation makes it impossible to develop higher education in full extent in the country.

Global experience in providing greater financial independence to universities allows us to distinguish three levels of financial autonomy: minimum, partial and maximum (VERDENHOFA, 2016; PRUVOT & ESTERMANN, 2017). The model of minimum autonomy operates in budgetary educational institutions that are under full control of public administration (example - South Korea). It stipulates that any financial costs of the university are subject to be approval by the Ministry of Finance of the state, and the own revenues of the universities can even be withheld by the state. The model of partial autonomy (example - China) gives universities expanded powers in the financial sphere, but at the same time they fall under certain mechanisms of state control over the usage of resources. The model of full autonomy (example - the United States, Canada, Australia, partly - Japan) implies a complete lack of organizational and property accountability. However, maximum autonomy still implies a minimum form of state control (VERDENHOFA, 2016; DE BOER & FILE, 2009; VERDENHOFA et al., 2018).

The model of full autonomy is characterized by a clear decentralization of management, the absence of a state monopoly on the establishment of educational institutions. It is characterized by a wide range of educational institutions and variability of curricula. No matter how developed financial autonomy is developed, the role of governments is transformed into complex systems of incentives and sanctions that keep higher education in the paradigm of key state development strategies (DE BOER; FILE, 2009).

Such a distant form of management makes it possible to identify strengths and weaknesses in the government's policy on higher education in order to further reform it. So, the university autonomy provides for an increase in freedom of activity, independence in decisions, but does not allow the closed nature, separateness of the university, the exclusion of universities in the system of state development. Supervisory boards are often set up to monitor the activities of the higher educational institution. Their purpose is to protect the interests of the institution and ensure compliance of the institution's activities with national laws and regulations. One of the typical responsibilities of members of supervisory boards is to approve the institution's accountable documents, including annual reports on the university's activities and financial statements (DE BOER; FILE, 2009).

So, the autonomy of the higher education system in general and the financial autonomy of the universities in particular are a complex and multidimensional phenomenon. Decentralization of power is a modern trend now. It dominates today in most developed countries and those that are in the process of active reform. We can say that in the future there will be weakening of state control and more and more expansion of powers for universities. In today's economy, the autonomy of universities is the only solution that can ensure the proper functioning of higher education, where the competition in the market of educational services will win those universities, which strategically focus on profitability, sustainable development and quality.

CONCLUSION

The autonomy of universities is an element of decentralization and a sign of policy flexibility in the field of public administration, compliance with the latest international trends. Today, the most modern countries support a policy whose principles synthesize state control, on the one hand, and the expansion of autonomy for higher education, on the other hand. The areas that are most subject to official state control are the provision of the necessary components of tax reporting, supervision over the quality of teaching, research work of university faculty, compliance of universities with state policy to protect the interests of vulnerable groups.

The expansion of financial autonomy is an important global trend in the management of higher education, often based on a functional model of funding (funding based on the results of free economic activities) and various forms of mechanisms in order to ensure the quality of education. The practice of one-time funding is widespread, according to which the university has a state-guaranteed right to only one-time financial payments that are not diversified by the state. The effective distribution of received funds between the structural units of the university is entirely entrusted to the management of the universities. Despite the fact that most countries around the world are already actively implementing mechanisms of financial autonomy for the management of higher education institutions, the concept of financial autonomy has not yet been formed. Further research can be aimed at studying the world experience in expanding the powers of universities in the financial niche in order to identify and systematize best management practices.

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