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THE TRANSFORMATION OF HIGHER EDUCATION INSTITUTIONS INTO PUBLIC LEGAL ENTITIES IN AZERBAIJAN: THE IMPACT OF CHANGES ON THEIR DEVELOPMENT.

Student: _____ Aydan Huseynli Matlab
(signature)

Supervisor: _____ Ph.D. Tofiq Teymur Ahmadov
(signature)

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ALİ TƏHSİL MÜƏSSİSƏLƏRİNİN PUBLİK HÜQUQİ ŞƏXSƏ TRANSFORMASIYASI: DƏYİŞİKLİYİN ONLARIN İNKİŞAFINA TƏSİRİ.

İddaçı: _____ Aydan Hüseynli Mətləb
(imza)

Elmi rəhbər: _____ Fəl.ü.f.d. Tofiq Teymur Əhmədov
(imza)

Bakı – 2025

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INTRODUCTION

The relevance of the subject: The transformation of higher education institutions into public legal entities in Azerbaijan reflects one of the most significant systemic reforms in the country's education sector since independence. This change marks a shift away from rigid, centralized governance to a model that grants universities more autonomy in financial, administrative, and academic matters. The reform is important because it directly affects how universities operate, how they plan strategically, and how they deliver on their educational mission. As Azerbaijani society evolves and economic development accelerates, universities must be more flexible, innovative, and responsive to both national priorities and international standards.

The issue is timely because many Azerbaijani universities have already been restructured under the new legal model, yet the full consequences of this transformation are not well understood. Institutional practices, internal governance, and the actual level of autonomy often vary widely from what the legal framework formally allows. There is a growing need to analyze not only what the laws say but how they are applied in practice, and whether this legal autonomy is resulting in real development. In a period where global competitiveness and academic excellence are key goals, this reform has deep implications for quality assurance, research performance, international partnerships, and the financial sustainability of higher education institutions.

Moreover, the reform's impact is not only internal to universities but also social and economic. Public expectations about the role of universities are rising, and the government increasingly expects universities to generate knowledge, support innovation, and prepare students for a dynamic labor market. How well universities can meet these demands depends on their ability to govern themselves effectively, mobilize resources, and deliver high-quality education. Thus, assessing the transformation into public legal entities is highly relevant to broader policy debates on modernization, public accountability, and the strategic direction of education in Azerbaijan.

The topic is especially important now because policy makers are making critical decisions about the future of higher education financing, governance, and quality assurance. The transformation into public legal entities is not just a legal adjustment; it is a test of whether Azerbaijani universities can become more strategic, accountable, and mission-driven institutions. A careful examination of this process can offer important insights for refining the reform and ensuring it leads to meaningful improvements in the sector.

The purpose and tasks of the study: The aim of this study is to explore how the transformation of higher education institutions into public legal entities has affected their development in Azerbaijan. To achieve this aim, the following objectives have been set:

- to examine the evolution of education policies and legal reforms influencing higher education institutions in Azerbaijan;
- to compare institutional governance models with a focus on financial autonomy, accountability, and legal status;
- to analyze the institutional impact of the PLE transformation through university case studies;
- to assess stakeholder perceptions regarding autonomy, funding, and institutional development;
- to identify international best practices in university governance and autonomy;
- to develop policy and institutional recommendations tailored to the Azerbaijani context.

The object and subject of the study: The object of the research is the legal and administrative transformation of higher education institutions in Azerbaijan. The subject of the research is the impact of the public legal entity model on university governance, autonomy, financial management, and institutional development.

Research methods: The study uses a combination of document analysis, comparative policy review, survey data analysis using SPSS (including regression and descriptive statistics), and semi-structured interviews with key university stakeholders.

Research data sources: The information base of the research includes Azerbaijani legislation and strategic policy documents, international comparative literature, survey data collected from 47 university legal and administrative staff, and interview transcripts with eight participants.

Research limitations: The research is limited to selected public universities that have undergone legal transformation, and it reflects perspectives primarily from legal and administrative personnel rather than students or academic staff broadly.

Scientific novelty of the research:

- The study provides an original evaluation of the practical implementation of the public legal entity model in Azerbaijani universities;
- It combines stakeholder-based qualitative insights with quantitative SPSS analysis, a method not previously applied to this topic in Azerbaijan;
- It highlights specific governance and funding challenges emerging during the PLE transformation phase;

– It offers a structured comparison with international models and extracts policy-relevant lessons for Azerbaijan;

– It formulates context-sensitive recommendations for improving institutional autonomy, accountability, and development outcomes in the higher education system.

Theoretical and practical significance of the findings: The results contribute to the theoretical understanding of university legal autonomy in post-Soviet contexts by linking legal reforms to governance outcomes. Practically, the study offers evidence-based recommendations for policymakers and university leaders seeking to strengthen higher education institutions under the new public legal entity framework in Azerbaijan.

I CHAPTER. LITERATURE REVIEW

1.1. Conceptual framework, historical development, and theoretical foundations of legal status and autonomy in higher education institutions

Higher education institutions (HEIs) occupy a unique legal and organizational position in society. The **legal status** of an HEI refers to its standing as an entity under law – essentially, how the university is constituted and recognized as a corporate body – and the degree of rights or powers it holds to govern its own affairs. Closely related is the concept of **institutional autonomy**, which denotes the capacity of a higher education institution to self-govern, free from undue external control. Autonomy can be viewed as a core element of an HEI’s legal status: an institution’s legal framework often determines how much autonomy it has in academic, administrative, financial, and other matters. Over time, universities worldwide have sought greater autonomy as a means to fulfill their academic missions more effectively, while states have alternately expanded or restricted institutional freedoms in line with political, social, and economic objectives. This section examines the evolution of HEIs’ legal status and autonomy, from historical origins to contemporary frameworks, and outlines key theoretical foundations that explain and justify university autonomy. It provides a conceptual map of autonomy, traces historical milestones in the development of university self-governance, and reviews influential theories that have shaped understanding of the legal status of HEIs. Key principles such as academic freedom, institutional accountability, and the balance between state authority and university independence are critically discussed, laying a foundation for the subsequent analysis of methodological approaches to evaluating HEI legal status.

Conceptualizing institutional autonomy. In the higher education context, **institutional autonomy** generally refers to the degree of self-governance granted to a university in managing its academic affairs, internal organization, finances, and personnel (Enders, 2013). Autonomy is multifaceted. According to Enders, de Boer, and Weyer (2013), a university’s autonomy encompasses its ability to make independent decisions in key domains – academic matters (such as curricula and research programs), financial issues (budget allocation, revenue generation), staffing policies (hiring and managing staff), and organizational structures (governance and administrative arrangements) – combined with “**the exemption of constraints on the actual use of such competencies**” (Enders, 2013, p. 8). In other words, autonomy involves not just formal decision-making power but also the freedom to exercise that power without undue interference. This definition aligns with the view of the European University Association, which emphasizes that universities require sufficient leeway in academic, financial,

organizational, and staffing domains to fulfill their missions effectively (Estermann, 2011). Table 1.1.1 summarizes the major dimensions of university autonomy as commonly defined in the literature, highlighting the scope of decision-making in each area.

Table 1.1.1. Major dimensions of university autonomy

Dimension of autonomy	Scope of institutional decision-making	References
Organizational autonomy	Freedom to determine internal governance structures and processes (e.g. selection of leaders, composition of governing bodies, academic structures).	Estermann et al. (2011); Enders et al. (2013); Fielden (2008)
Academic autonomy	Control over academic matters such as setting curricula, developing new programs, defining research agendas, admitting students, and awarding degrees.	
Financial autonomy	Independence in managing finances – preparing budgets, allocating funds, setting tuition fees, owning property, investing resources, and raising third-party funds.	
Staffing (HR) autonomy	Authority over human resources: the ability to recruit academic and administrative staff, set employment conditions (salaries, promotions), and determine staff size and structure.	

Source: The table has been compiled based on “Estermann, 2011; Enders, 2013; Fielden, 2008” by the author.

Note: These four dimensions are interrelated; high autonomy in one dimension may be accompanied by constraints in another, depending on legal frameworks. Estermann et al. (2011) outline these categories in the European context, which have been widely adopted in comparative studies of HEI governance.

Underpinning these dimensions is the principle of **legal personality**: to exercise autonomy, a university typically must be constituted as a distinct legal entity (such as a corporation or public legal body) separate from direct ministerial control (Fielden, 2008). Legal status and autonomy are thus intertwined – the **legal status** of being, for example, a “public autonomous university” or an “independent non-profit university” enables the institution to own property, enter contracts, sue and be sued, and govern itself within the limits of law (Fielden, 2008). In many countries, reforms of university legal status have aimed to convert state-dependent universities into more autonomous entities. For instance, in Azerbaijan the law allows state higher education institutions to be granted the status of a public legal entity, which, in effect, provides them autonomy in academic, financial, and administrative matters (Isakhanli, 2018). Formally, Article 24 of Azerbaijan’s Education Law (amended in 2009) stipulates that

higher education institutes “are granted the autonomy” to manage their internal affairs, marking a shift from the Soviet-era model of tight state control towards a legally recognized institutional independence (Isakhanli & Pashayeva, 2018, p. 99). However, granting legal autonomy on paper does not automatically guarantee its realization in practice, a theme that will be revisited later.

Historical development of university autonomy. The quest for university autonomy has deep historical roots. Medieval universities enjoyed varying degrees of self-governance through charters and papal bulls; for example, the University of Bologna (founded in 1088) was a student-led “universitas” with significant internal control, and the University of Paris (chartered in 1200) gained certain freedoms and corporate status that allowed it to manage its own affairs (Olsen, 2007). These early arrangements established the university as a “**distinctive social institution which deserves special status in terms of autonomy and academic freedom**”, evolving via a social compact between the university and society (Olsen, 2007, as cited in Enders, 2013, p.16). During the Enlightenment and the rise of the modern nation-state, university autonomy was both championed and curtailed depending on the regime. The **Humboldtian model** of the early 19th century – epitomized by the University of Berlin founded in 1810 – enshrined academic freedom (Lehrfreiheit) and a degree of institutional autonomy as ideals, with Wilhelm von Humboldt advocating that universities should be free from direct political influence in order to pursue truth (Neave, 1988). Nonetheless, even Humboldt’s university depended on state funding and thus was not entirely independent; autonomy was “**contextually and politically defined**” by the prevailing governance framework (Neave, 1988, p. 16).

Across Europe in the 19th and early 20th centuries, different governance patterns emerged. In countries like the United Kingdom, universities (e.g. Oxford, Cambridge) had long-standing autonomy under self-governing charters, and later-established universities were often constituted as independent corporations or trusts. In contrast, the Napoleonic model (e.g. France) treated universities as extensions of the state, with centralized control over curriculum and appointments, limiting institutional independence (Fielden, 2008). The tension between state control and university self-rule intensified in the mass higher education era after World War II. Many governments expanded higher education dramatically, and with expansion came regulation. By the 1970s, scholars began differentiating **types of autonomy**: for example, Berdahl (1990) drew a classic distinction between *substantive autonomy* – the university’s power to determine its own educational goals and programs (“the what of academe”) – and *procedural autonomy* – the power to decide the means by which those goals are pursued (“the how of academe”) (Berdahl, 1990). This distinction highlighted that a university might be free to set its academic direction (substantive matters) but still constrained in the procedures (e.g.

financial rules, hiring regulations) imposed by the state. Table 1.1.2 provides a brief timeline of key milestones in the historical development of university autonomy, illustrating how the legal status of universities has evolved through different eras.

Table 1.1.2. Select historical milestones in university legal status and autonomy

Period / Year	Milestone	Significance for autonomy
Medieval (12th–13th c.)	Emergence of first universities (Bologna, Paris). Charters granted by Pope or Emperor.	Universities gain corporate legal status (<i>universitas</i>) with self-governance in academic matters. Early assertion of academic freedoms and internal statutes.
Early Modern (17th–18th c.)	Universities under state or church patronage (e.g. French royal universities, Oxbridge colleges).	Mixed autonomy: Some institutions enjoy privileges and self-election of faculty, while others are closely overseen by crown or church authorities.
Humboldtian Reform (1810s)	Founding of University of Berlin (1810) – integration of teaching and research; principle of academic freedom.	Conceptual model for modern research university. Autonomy valued as essential for advancing knowledge, though institution remains state-funded (state sets broad goals, university manages academic content).
Late 19th c.	Expansion of university systems; emergence of faculty governance traditions.	Professorial influence grows (“academic oligarchy”), universities advocate for freedom to shape curricula and standards. Legal frameworks begin to formally recognize academic self-governance in some countries (e.g. UK’s University Acts).
Post-WWII (1950s–1960s)	Massification of higher education; creation of public university systems.	States invest heavily and often centralize control to ensure accountability and capacity. Autonomy often curtailed in practice; however, academic freedom ideals persist. Student movements of the 1960s demand both academic freedom and democratization of governance, prompting some governance reforms.
Late 20th c. reforms (1980s–1990s)	Global trend toward New Public Management (NPM) in public sectors, including higher education. E.g., UK Education Reform Act 1988, post-Soviet transitions (after 1991).	NPM-inspired reforms <i>increase</i> institutional autonomy in exchange for greater accountability. Universities receive independent boards, ability to manage budgets and personnel (Fielden, 2008). In former socialist states (e.g. in Eastern Europe and Azerbaijan), legal reforms dismantle Soviet control mechanisms, granting universities formal autonomy to self-govern (Suleymanov, 2020).
21st c. (2000s–present)	Bologna Process (1999–ongoing) and global emphasis on university rankings and innovation. Adoption of autonomy scorecards in Europe.	Autonomy becomes a policy priority: the European Higher Education Area acknowledges institutional autonomy as crucial for quality and competitiveness. Many countries revise laws to strengthen universities’ legal status as autonomous entities (Estermann, 2011). Ongoing debates focus on balancing autonomy with

		accountability and ensuring academic freedom in an era of market pressures.
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Source: The table has been compiled based on “Estermann, 2011; Fielden, 2008” by the author.

As Table 1.1.2 suggests, the **trajectory of university autonomy** has generally been toward greater formal independence over the long term, though not in a linear or uniform fashion (Sporn, 2003). By the late 20th century, a “**state control model**” of governance – characterized by tight government regulation and limited institutional discretion – was increasingly seen as outmoded, giving way to a “**state-supervision model**” in many regions (Neave, 1991). In the state-supervision model, the government sets broad policy and funding parameters but grants universities significant managerial autonomy to achieve educational objectives (Neave, 1991). Fielden (2008) identifies a spectrum of models (from state control to state-supervised to more independent models) and notes a “**strong international trend to make universities independent self-governing institutions**” (Fielden, 2008, p. 12). Indeed, comparative analyses show that many countries have moved along this continuum. For example, Malaysia historically exemplified the state control model, France evolved toward a semi-autonomous model (with universities as **établissements publics** having autonomy in some areas but not others), and countries like the United Kingdom and United States embody the independent model, where universities (especially private ones in the U.S. and chartered universities in the U.K.) operate with high autonomy and are largely self-governing (Fielden, 2008). Table 1.1.3 illustrates Fielden’s four models of university legal status and autonomy with examples, underscoring how the legal framework defines the autonomy space for HEIs.

Table 1.1.3. Models of university legal status and autonomy (Fielden, 2008)

Governance model	Description	Examples
State control model	Universities function as government agencies with little autonomy. The state (ministry or central authority) tightly controls budgets, staffing (including faculty appointments and salaries), student admissions, and curricula. University has no separate legal personality apart from the state.	Soviet Union (pre-1991) – all universities under direct ministry control; China (pre-1990s reforms) ; Some Middle Eastern countries historically.
Semi-autonomous model	Universities have a distinct legal status (often as public entities) and some autonomy in academic matters and internal management, but the government retains significant oversight. Key decisions (e.g. senior appointments, major financial decisions) require state approval.	France (after 1968 reforms, universities as public institutions with elected rectors but state-regulated curricula and personnel policies); Turkey (universities have legal status but a national council oversees academic programs).
Semi-independent model	Universities operate with considerable autonomy and are recognized as legal entities separate from the government. They control most internal matters – academic programs, hiring, finances – but rely on state funding and abide by broad state regulations or performance agreements.	Singapore (public universities corporatized in 2006, given freedom to manage operations while meeting govt. accountability targets); Kazakhstan (recent reforms granting national universities autonomy in curriculum and research, within limits).
Independent model	Universities are fully self-governing institutions, often with private or arm’s-length status. They have legal independence to the extent of setting their strategic direction, managing finances (including setting tuition fees and owning assets), and appointing leadership with minimal state interference. Accountability is enforced mainly via ex-post evaluation or general laws (not day-to-day control).	United Kingdom (universities are independent charitable corporations with autonomous governing councils); United States (private non-profit universities and many state universities governed by independent boards; minimal federal control aside from funding conditions).

Source: The table has been compiled by the author

Critical interpretations: While the general movement has been toward greater institutional autonomy, it is important to recognize nuances. Autonomy is not absolute; it exists **in a balance with accountability** and within the framework of laws and policies that define its limits (Salmi, 2008). A high degree of autonomy also necessitates robust internal governance capacity – universities must develop effective leadership and management to use their freedom responsibly (Shattock, 2013). Moreover, autonomy can vary by domain: a university might be financially autonomous (e.g. free to raise and spend funds) but still constrained academically

(e.g. subject to national curriculum standards or enrollment quotas), or vice versa. For instance, throughout much of the post-Soviet region, new laws granted universities formal autonomy in governance and finance, but many institutions continued to experience *de facto* constraints through centralized accreditation requirements and informal political pressures (Huisman, 2018; Suleymanov, 2020). In Azerbaijan, after independence in 1991, legislation was enacted to “**abolish the Soviet approach to higher education and establish a new institutional system and legal framework**” (Suleymanov, 2020, p. 45). This included enabling universities to self-manage in principle. However, observers note that progress was gradual and uneven – initial reforms in the 1990s had limited practical impact, and only in the 2000s and 2010s did initiatives (often spurred by the Bologna Process and an Education Development Strategy in 2013) start to give universities more tangible decision-making power (Isakhanli, 2018; BFUG, 2015). Even then, Azerbaijani universities have faced challenges in exercising autonomy due to centralized traditions and expectations of compliance with state policies (Huseynli, 2021; Isakhanli, 2018). This reflects a broader pattern: **formal autonomy vs. actual autonomy** can diverge. Enders et al. (2013) found that in systems where legal reforms grant autonomy, university leaders often still “**anticipate the government’s position**” in their decisions, resulting in a gap between the autonomy *on paper* and the autonomy *in practice* (Enders, 2013, p. 15). We will explore this concept further, but it highlights that legal status changes (like granting autonomy) must be accompanied by cultural and procedural changes to be effective.

Theoretical foundations of university legal status and autonomy. Several theoretical perspectives provide insight into why autonomy is important for universities and how it should be structured:

- **Academic freedom and social contract.** One foundational idea is that institutional autonomy is a necessary condition for academic freedom, which itself is vital for universities’ knowledge-producing role. Academic freedom typically refers to the freedom of scholars to teach, research, and publish without fear of censorship or reprisal, and it is closely linked to the university’s ability to govern itself. As the Council of Europe has asserted, “*academic freedom and institutional autonomy are essential for universities to produce the research and teaching necessary to improve society*” (Council of Europe, 2006, as cited in Matei, 2018). The theoretical justification here is often a **social contract** argument: society grants universities a special legal status – protecting them from direct political or commercial interference – in exchange for universities contributing unbiased knowledge, educated citizens, and critical inquiry (Olsen, 2007). In this view, autonomy is not a privilege for its own sake but a means to ensure that higher education serves the public interest by fostering an environment of open intellectual exploration (Altbach, 2011). Notably, the **Magna Charta**

Universitatum (1988), a declaration signed by hundreds of university rectors, proclaimed that “*the university is an autonomous institution*” and that academic freedom is the fundamental principle of university life. This reflects a widely held theoretical stance that without autonomy, universities could not uphold academic values or innovate effectively. Azerbaijani scholar Ilkin Huseynli (2021) emphasizes this point in the context of an authoritarian setting: when university administrators act mainly as extensions of state authority, treating the university as an instrument of the regime, both academic freedom and creativity are stifled (Huseynli, 2021). Thus, one theoretical foundation sees autonomy as integral to the very identity of the university as a **knowledge institution entrusted by society**.

- **Organizational and governance theory.** Burton Clark’s (1983) framework of coordination in higher education posits three primary forces that govern universities: the state, the market, and the academic oligarchy. According to Clark, an optimal governance arrangement balances these forces – too much state control undermines academic initiative, while too much market pressure can erode academic standards or equity (Clark, 1983). The concept of institutional autonomy fits into this framework as the **degree of discretion** the university (often led by academics) has in steering itself, relative to state directives or market demands. In governance terms, autonomy can also be viewed through the lens of **principal-agent theory**. The government (principal) delegates authority to the university (agent) to carry out education and research, since the university possesses the expertise to do so. However, the principal needs mechanisms to ensure the agent uses this autonomy effectively, leading to accountability measures. Kivistö (2005) applies agency theory to higher education, noting that information asymmetry and goal divergence between governments and universities require trust and incentive alignment. Within this theory, too little autonomy (excessive micromanagement by the principal) can demotivate the agent and lead to inefficiency, whereas too much unchecked autonomy can lead to the agent pursuing goals misaligned with public interest (Kivistö, 2005). The challenge is to grant sufficient autonomy such that universities are empowered to innovate and excel, while maintaining accountability for performance – a theme echoed in many governance reforms (de Boer, 2007). This theoretical perspective underpins modern accountability regimes, such as performance contracts or evaluations, which aim to give universities freedom to operate in return for meeting agreed outcomes (Salmi, 2009). In summary, governance theory suggests that the legal status of universities should establish them as semi-independent agents: **autonomous in operations but accountable for results**.

- **New Public Management (NPM) and managerialism.** In the late 20th century, public administration theories like New Public Management influenced higher education policy significantly. NPM advocates adopting private-sector management practices in public institutions to increase efficiency and responsiveness (Tolofari, 2005). In higher education, NPM-inspired reforms saw governments granting universities more autonomy in resource allocation, staffing, and procurement, on the assumption that universities would be more agile and cost-effective if freed from rigid civil service rules (Ferlie, 2008). This led to the “corporatization” of many universities – they received a corporate legal status (often with a board of trustees or council) and broad powers to manage their affairs, effectively operating at arm’s length from the state (Fielden, 2008). The **theoretical basis** was that autonomy would enable competition and innovation among universities (a quasi-market for educational services), while **accountability** would be maintained through performance indicators, quality assurance systems, and funding incentives (Ferlie, 2008). For example, the United Kingdom’s shift in the 1980s from direct government control of universities to a funding council model exemplified NPM: universities gained independence to decide how to spend block grants and set their academic strategies, but their success would be monitored through research assessments and teaching quality audits (Neave, 1994; Shattock, 2014). This model has theoretical support in management literature that sees professionals (academics) as more effective when given trust and autonomy (provided goals are clear). However, critics note that NPM can also lead to “managerialism” – a dominance of managerial values that might conflict with collegial academic values – and that autonomy can be undermined if accountability becomes overbearing or shifts control to new external stakeholders (Amaral, 2002). Indeed, Amaral and Magalhães (2002) point out that the rise of external stakeholders (industry partners, lay board members, etc.) in governance can create new constraints or expectations on universities, reshaping what autonomy means in practice. In sum, NPM theory justifies increasing university autonomy to encourage efficiency and innovation, but it also reframes autonomy as conditional on meeting performance targets and satisfying stakeholders beyond the academic community.
- **Institutional theory and cultural perspectives.** Another theoretical lens is sociological institutionalism, which examines how universities, as organizations, are influenced by cultural norms, traditions, and legitimacy concerns. From this perspective, the legal status of universities often reflects broader societal values placed on higher education. For instance, some cultures historically view universities as an extension of the civil service (hence less autonomous), while others see them as

independent communities of scholars (hence more autonomous). Olsen (2007) argues that universities have historically enjoyed a “special status” because they are believed to require insulation from everyday politics to pursue truth and educate future leaders – an idea rooted in the Enlightenment and still invoked today. This theoretical viewpoint suggests that autonomy is partly symbolic: granting a university autonomy signals trust in the institution and commitment to free inquiry, which in turn enhances its legitimacy in the eyes of scholars and international partners (Neave, 1988). Conversely, if a university’s autonomy is revoked or compromised, it may be seen as a loss of credibility or a descent into politicization. Institutional theory also reminds us that universities often operate as **loosely coupled organizations** (Weick, 1976) – meaning decisions made at the top do not always tightly control what happens in classrooms or labs. Thus, even with strong formal autonomy, the real functioning of academic freedom and initiative might depend more on internal culture than on legal dictates. This can explain why some universities flourish in terms of academic innovation despite limited formal autonomy (due to a strong collegial culture), whereas others may underperform despite legal independence (perhaps due to internal bureaucracy or deference to external authorities).

Integrating these perspectives, we see that the **theoretical foundations of university autonomy** converge on a few key rationales. First, autonomy is deemed essential for fostering an environment of academic excellence and innovation – universities should have the freedom to chart their own academic course, select talented staff, and manage resources effectively to achieve scholarly goals (Aghion, 2010). Empirical studies reinforce this: Aghion et al. (2010) found that universities with greater autonomy, coupled with healthy competition (e.g., competitive research funding), tend to be more productive in research and innovation, particularly in the U.S. and Europe. Second, autonomy is linked to the notion of **responsibility** – autonomous universities must be responsible actors, upholding academic standards and contributing to society (Salmi, 2009). Modern legal frameworks often encode this by granting autonomy while requiring universities to implement internal quality assurance and to be transparent about outcomes. Third, the extent and form of autonomy must be tailored to context. Autonomy is “*politically defined*” (Neave, 1988) – what is appropriate in one country (e.g. a fully autonomous private university in the U.S. context) might differ in another (e.g. a public university in a developing country still building capacity and reliant on state direction). For example, in Azerbaijan’s context, Jasarat Valehov and colleagues argue that to transform into more innovative, “entrepreneurial universities,” there must be a **substantive shift in the higher education system’s governance** (Streitwieser, 2022). This includes embracing greater autonomy for institutions to partner with industry, revise programs, and innovate pedagogically

(Streitwieser, 2022). However, they also note challenges, as the legacy of centralized control requires a cultural change in university management.

In theoretical terms, one can consider the **balance between autonomy and control** as a continuum (Neave & van Vught, 1991), with each country’s higher education legislation finding a different point on that spectrum (see Table 1.1.3 earlier). The ideal often cited by theorists is “*autonomy with accountability*” – an autonomous legal status for universities that enables flexibility and creativity, combined with external oversight mechanisms to ensure alignment with public goals (Fielden, 2008; Salmi, 2009). This ideal is easier stated than implemented, and finding the right legal and regulatory mechanisms to achieve it is a central concern in higher education policy studies. The next section (1.2) will delve into how scholars and policymakers evaluate whether a given system has achieved that balance, by examining methodological approaches to assessing the legal status and autonomy of HEIs. Before proceeding, Table 1.1.4 highlights a conceptual comparison that often arises in discussions of university autonomy: the distinction between **institutional autonomy** and **academic freedom**, which, while related, are not identical. Recognizing this distinction further illuminates the theoretical underpinnings of the legal status of HEIs.

Table 1.1.4. Academic freedom vs. institutional autonomy – a conceptual distinction

Aspect	Academic freedom (individual level)	Institutional autonomy (institutional level)
Holder of the right	Individual scholars (professors, researchers, students). Each academic has the freedom to inquire, teach, and publish.	The university as a corporate entity (governing board, administration). The institution holds collective decision-making power.
Scope of content	Freedom of expression in research and teaching: e.g. choosing research topics, publishing results, designing course content, voicing scholarly opinions without censorship or disciplinary action for dissenting views.	Self-governance in management and policy: e.g. setting the institution’s mission and strategy, managing the budget, establishing internal governance structures, determining academic programs and criteria for hiring/promotion.
Guarantee/Legal basis	Often protected by constitutional or statutory provisions on freedom of speech or academic inquiry. In many systems, academic freedom is an explicit right of faculty and sometimes students (e.g. defined in university law or faculty statutes).	Granted by higher education laws or charters that delineate the powers of the university. It is a legal status conferred to the institution (e.g. a charter, law, or accreditation that establishes the university’s authority to self-govern).
Relationship to the state	Implies scholars should not face state or institutional repression for scholarly work. The state is expected to refrain from direct	Implies the state (or other external actors) should not micromanage the university’s internal affairs. The state’s role shifts to a steering or

	ideological control of teaching/research.	supervisory one, respecting the university's legal independence.
Purpose and rationale	Ensures the integrity of knowledge creation – truth-seeking requires freedom to challenge orthodoxies and explore controversial ideas (Karran, 2009). Protects educators from political or commercial pressures that could bias scholarship.	Ensures the effectiveness and integrity of the institution – a self-governing university can respond flexibly to academic needs, innovate, and manage resources optimally, rather than being subject to bureaucratic delay or political shifts (Enders, 2013). Enables long-term planning and identity.
Interdependence	Relies on institutional autonomy for full expression (e.g. a university with autonomy is more likely to foster robust academic freedom among its staff). Conversely, a lack of academic freedom undermines the academic purpose of autonomy.	Provides the environment in which academic freedom can flourish. However, a university could be autonomous in administration yet still internally restrict academic freedom (e.g. via top-down management); hence good governance requires that autonomy be used to uphold academic freedom as a core value.

Source: The table has been compiled based on “Karran, 2009; Enders, 2013” by the author.

In summary, academic freedom is an individual-oriented principle, whereas institutional autonomy is a governance-oriented principle; both are fundamental theoretical pillars supporting the legal status of modern universities. Truly robust legal status for an HEI ideally embodies both: the university is legally free to govern itself (autonomy) and within it, scholars are free to pursue knowledge (academic freedom). Achieving this ideal has been an enduring theme in the evolution of higher education systems, and it continues to inform debates on university reform today. With this conceptual and theoretical groundwork laid, we now turn to methodological approaches for evaluating the legal status and autonomy of higher education institutions, as scholars and policymakers attempt to measure and compare how autonomy is implemented across different contexts.

1.2. Methodological approaches for evaluating of HEIs legal status

Understanding and comparing the legal status and autonomy of higher education institutions require rigorous methodological approaches. Over the past few decades, researchers have developed various frameworks, indicators, and analytical methods to evaluate how autonomous universities are, and to what extent legal and governance arrangements impact their performance. This section examines these methodological approaches, highlighting both quantitative and qualitative methods, and discusses their usage, strengths, and limitations.

Evaluating the legal status of HEIs typically involves assessing formal legal frameworks (laws, regulations, institutional charters) and examining how these translate into actual governance practice. One fundamental distinction evaluators make is between **de jure** (formal) autonomy and **de facto** (actual) autonomy (Enders, 2013). *De jure* autonomy refers to the rights and powers granted to universities by law or policy – essentially what universities are *allowed* to do on paper. *De facto* autonomy looks at what happens in reality – how much freedom institutions actually exercise in decision-making, which can be influenced by political culture, administrative capacity, or informal constraints. Methodologically, capturing both aspects is challenging but important. Approaches range from legal analysis and case studies to composite indices and international benchmarking exercises. Table 1.2.1 outlines some common methodological approaches used to evaluate HEI legal status and autonomy.

Table 1.2.1. Common approaches to evaluating university legal status and autonomy

Approach	Description	Examples/Usage
Legal/Document analysis	Examination of statutes, higher education laws, university charters, and regulatory decrees to identify the formal powers and limitations of universities. This approach catalogs the presence or absence of autonomy provisions (e.g. can universities own property? set curriculum? appoint rectors without approval?).	Used in comparative law studies and national reports (e.g. analysis of education laws in various countries to compare formal autonomy). Neave & van Vught (1991) use this to place systems on a state control–state supervision spectrum. Azerbaijan’s Education Law analysis (e.g. Article 24 granting autonomy) is an example.
Surveys and self-reporting	Questionnaires or surveys administered to university leaders or experts to gather information on autonomy in practice. Respondents report how decisions are made in their institution or system. Often combined with Likert scales to quantify perceptions of autonomy.	OECD and UNESCO surveys on university governance; EUA’s self-report surveys for the Autonomy Scorecard. For instance, rectors might be asked: “Do you need ministry approval to open a new program?” – answers help gauge actual autonomy.
Indicator-based scorecards	Development of specific indicators that measure autonomy across key dimensions. Each indicator is scored (either quantitatively or via expert judgment), and scores are aggregated into an index or profile. This allows comparison across institutions or countries.	European University Association (EUA) Autonomy Scorecard – uses ~38 indicators across Organizational, Financial, Staffing, and Academic autonomy, scoring each country. Choi (2019) developed indicators reflecting stakeholder interests (e.g. faculty, students, government) to gauge autonomy levels.
Case study analysis	In-depth qualitative analysis of one or a few institutions (or a national system), examining how legal status	Enders et al. (2013) case study of universities in North Rhine-Westphalia: compared formal

	changes have played out. Involves interviews, document review, and often historical analysis. Good for understanding context and the gap between formal rules and practice.	autonomy granted by law vs. actual autonomy at faculty level through interviews with deans. Isakhanli & Pashayeva (2018) provide a case of Azerbaijan’s system evolution.
Comparative international studies	Combination of the above methods to compare multiple systems. Often mixes legal analysis with expert surveys to create a comparative ranking or typology of autonomy. Looks for patterns or correlations (e.g. between autonomy and university performance indicators).	Estermann et al. (2011) compared 26 European systems; Rayevnyeva et al. (2018) compared models of autonomy and proposed a unified assessment method. Also, World Bank or EU reports benchmarking governance (Fielden, 2008; WB, 2018 for Azerbaijan context).
Academic freedom index & related	Although focusing on academic freedom, some global indices incorporate measures of institutional autonomy (e.g. whether universities are free from government/political control). Typically based on expert assessments and composite scoring (using data like the V-Dem database).	Academic Freedom Index (AFi) – includes an indicator for institutional autonomy in its assessment of countries (Kinzelbach, 2020). While broad, it provides a comparative view of autonomy as part of fundamental academic values.

Source: The table has been compiled based on “Estermann, 2011; Kinzelbach, 2020; Choi, 2019; Enders, 2013” by the author.

Each approach in Table 1.2.1 serves a different purpose. **Legal analysis** provides clarity on what the legal status *allows* – it is essential for mapping the official landscape of autonomy. For instance, a legal analysis might reveal that in Country A, universities can own their buildings and set tuition, whereas in Country B, all university property is state-owned and tuition is fixed by law. Such differences fundamentally shape autonomy. However, legal provisions can be misleading if taken alone. That is why **surveys and interviews** are employed to capture implementation. University rectors or faculty might report that even though they have the legal right to decide on curricula, in practice they informally must consult the ministry or ruling party officials (a scenario noted in some post-Soviet countries by Huseynli, 2021). Qualitative interviews can uncover these informal pressures or cultural norms that a survey might miss. Enders et al. (2013) effectively used interviews with university leaders to detect “anticipatory obedience,” where leaders, without being explicitly told, align decisions with government preferences – indicating limited *de facto* autonomy despite *de jure* freedoms.

One prominent methodology that has gained traction is the **indicator-based autonomy scorecard**, exemplified by the European University Association (EUA) studies. In 2009 and 2011, the EUA developed a comprehensive Autonomy Scorecard to systematically compare

the autonomy of universities in European countries (Estermann, 2009; Estermann, 2011). They broke autonomy into four broad dimensions (as described earlier) and defined specific indicators for each. Table 1.2.2 lists a sample of these indicators to illustrate how autonomy is operationalized in such assessments.

Table 1.2.2. Sample indicators for university autonomy (adapted from EUA scorecard)

Autonomy dimension	Example indicators	Scoring
Organizational	<ul style="list-style-type: none"> – Ability to appoint the Rector/Vice-Chancellor (e.g. elected by university body vs. approved by government). – Size and composition of governing board (can the university determine its governing board members and include external members as it sees fit?). – Freedom to create academic structures (faculties, departments) or merge/divide units without external approval. 	Each indicator is typically scored on a scale (e.g. 0 = no autonomy, 1 = partial, 2 = full autonomy) based on legal data and survey responses. Higher scores indicate more autonomy.
Academic	<ul style="list-style-type: none"> – Control over student admissions (can the university set admission criteria and select students, or is it centrally regulated?). – Ability to introduce new degree programs or close programs independently. – Authority to design curriculum content (versus needing adherence to national standardized curricula). 	Scoring might deduct points for each restriction. For example, if a university needs ministry permission to launch a new program, it gets a lower score on that indicator (Estermann, 2011).
Financial	<ul style="list-style-type: none"> – Freedom to allocate the budget internally (lump-sum funding vs. line-item budget dictated by the state). – Right to carry over surplus from year to year and build reserves. – Ability to set tuition fees for domestic and international students. – Permission to borrow money or seek loans for capital projects. 	Countries where universities have full budget flexibility, can retain surplus, and set tuition freely score high. If tuition is capped by law or surplus must be returned to treasury, score is lower.
Staffing	<ul style="list-style-type: none"> – Autonomy in staff recruitment (especially academic staff: can the university hire without position authorizations from the state?). – Salary setting (whether the university can negotiate salaries or is bound by a civil service pay scale). – Ability to promote or dismiss staff according to institutional policies (versus national regulations making this difficult). 	A system with faculty as civil servants under uniform pay and tenure rules would score lower, whereas one where the university has its own HR policies scores higher.

Source: The table has been compiled based on “Estermann, 2011” by the author.

Using such indicators, the EUA and similar studies generate a profile for each country. For example, an EUA report might show that **University System X** has high organizational autonomy (e.g. universities appoint their rectors and have independent boards) but low financial autonomy (e.g. strict funding and tuition controls). These profiles allow identification of patterns; for instance, many Northern European countries traditionally had strong academic autonomy but weaker financial autonomy due to public funding norms, whereas some Anglo-

Saxon systems exhibit high autonomy across all dimensions (Estermann, 2011). A recent autonomy scorecard update (EUA, 2017) continued to track these changes, noting improvements in some countries and new constraints in others (for instance, some governments imposing tuition caps or intervening in appointment processes, affecting scores). Azerbaijan, not originally in the EUA surveys, has been analyzed in other comparative projects: the **World Bank's benchmarking exercise** for Azerbaijan (World Bank, 2018) noted that while the legal framework envisions autonomy, in practice Azerbaijani public universities remain heavily dependent on the Ministry of Education for budgetary and personnel decisions, indicating a gap to close to reach European levels of autonomy.

Another methodological development is the creation of **integrated assessment models** that not only measure autonomy but also attempt to link it with performance indicators. Rayevnyeva et al. (2018) proposed a methodical approach in which they group countries by similarity in autonomy levels and then calculate an “integral indicator of quality of scientific and educational activity” for universities, to see how autonomy correlates with outcomes. Their approach essentially creates a two-dimensional analysis: one axis is the level of institutional autonomy (broken into components like organizational, academic, etc.), and the other is performance (using metrics like research output, teaching quality). By plotting specific universities or countries on a matrix, one can visually identify if those with higher autonomy also show higher performance (Rayevnyeva, 2018). This method is data-intensive and requires consistent indicators across contexts, but it is valuable for policy analysis, as it attempts to answer the crucial question: *Does more autonomy lead to better results?* Their findings for the cases studied (which included several European and post-Soviet systems) generally support a positive link, reinforcing arguments by Aghion et al. (2010) and Salmi (2009) that autonomy, when properly utilized, tends to correlate with improved university performance. However, as Rayevnyeva and colleagues caution, there is significant variability, and context matters – simply granting autonomy without building supportive management capacity may not yield benefits, which is why evaluating the implementation (not just existence) of autonomy is key (Rayevnyeva, 2018).

Qualitative case studies remain a cornerstone for understanding nuances. For example, a case study approach was used by Isakhanli & Pashayeva (2018) to evaluate the evolution of university governance in Azerbaijan over 25 years. By examining legislative changes, interviewing key stakeholders (university rectors, ministry officials), and reviewing institutional practices, they were able to chart progress and ongoing challenges in moving from the Soviet model (where universities had virtually no autonomy) to a more autonomous system. Their methodology is historical-analytical, showing that in the 1990s many Azerbaijani universities gained nominal autonomy (such as electing rectors or creating boards of trustees),

but real power often remained in the hands of the state or was limited by insufficient institutional experience with self-governance (Isakhanli, 2018). Such case studies complement the broader surveys by providing context – they help explain *why* a country might score low on an autonomy index despite legal reforms (e.g., cultural inertia or political reluctance to relinquish control).

Comparative international studies often employ **mixed-methods** – combining quantitative scores with qualitative descriptions. For instance, the OECD or World Bank when reviewing a country’s higher education might present a table of autonomy indicators (quantitative) and then discuss the governance structure (qualitative). A concrete example is the World Bank’s tertiary education Sector Assessment for countries: in its policy note for Azerbaijan, it highlighted specific areas of governance rigidity like centralized doctoral admissions and limited financial flexibility, while also acknowledging steps taken such as allowing universities to keep revenue from tuition-paying students (World Bank, 2018). Methodologically, this means using **benchmarking**: comparing a country’s legal provisions to international good practice. Benchmarking often relies on expert judgment – experts will score how closely a country’s situation aligns with predefined standards of high autonomy. This can be formalized into a ranking or remain descriptive.

Given the variety of methods, it is important to consider their **strengths and weaknesses**. Table 1.2.3 presents a brief evaluation of different methodological approaches in terms of what insights they provide and what limitations they entail.

Table 1.2.3. Strengths and limitations of different evaluation methods

Method	Strengths	Limitations
Legal/Document analysis	<ul style="list-style-type: none"> – Provides clear, objective information on formal rules and powers. – Necessary first step to define what “should” happen. – Easy to obtain official documents (laws, decrees) for analysis. 	<ul style="list-style-type: none"> – May not reflect actual practice (laws on books could be ignored or bypassed). – Can be complex to interpret if legal language is vague. – Doesn’t capture informal norms or enforcement issues.
Surveys/ Questionnaires	<ul style="list-style-type: none"> – Gathers insight from practitioners (those experiencing the system). – Can cover many institutions quickly. – Quantifiable responses allow statistical analysis and comparison. 	<ul style="list-style-type: none"> – Responses can be subjective or biased (e.g. respondents might overstate autonomy to present a positive image). – Low response rates or misunderstanding questions can skew data. – Difficult to verify responses without external data.
Indicator-based index	<ul style="list-style-type: none"> – Summarizes complex information into digestible scores. – Enables ranking and benchmarking across systems. – Encourages operationalization of abstract concepts (makes criteria explicit). 	<ul style="list-style-type: none"> – Reductionist: scoring requires simplification, potentially overlooking nuance. – Choice of indicators and weighting can be contentious (different stakeholders value different aspects of autonomy). – Data collection can be difficult; results may be sensitive to how questions are framed.
Case study (qualitative)	<ul style="list-style-type: none"> – Deep understanding of context, processes, and causality. – Can reveal why certain outcomes occur (e.g. cultural factors). – Flexible to explore unexpected findings (e.g. discovering an informal practice that isn’t in the law). 	<ul style="list-style-type: none"> – Limited generalizability (what is true in one case may not apply elsewhere). – Can be time-consuming and reliant on researcher interpretation. – Risk of anecdotal bias if not carefully validated.
Comparative mixed-methods	<ul style="list-style-type: none"> – Balances breadth and depth: broad comparison with contextual details. – Cross-validates quantitative findings with qualitative evidence. – Can highlight patterns while also acknowledging exceptions. 	<ul style="list-style-type: none"> – Methodologically complex, requiring expertise in both quantitative and qualitative analysis. – Data comparability issues: differences in interpretation between countries (e.g. what counts as “full autonomy” might differ). – Results might be harder to communicate due to complexity.

Source: The table has been compiled by the author.

In practice, many studies use a **combination** of these methods for a robust evaluation. For example, the **EUA Autonomy Scorecard** not only published scores but also provided narrative reports for each country, explaining the legal context and any recent reforms (Estermann, 2011). Similarly, a research project might start with a legal analysis, then conduct a survey of university leaders, and finally do site visits or interviews at select institutions to interpret the findings – a methodology employed in some EU-funded higher education governance projects in Eastern Europe and Central Asia (Zgaga, 2013).

One specific methodological challenge is evaluating autonomy in systems undergoing transition or reform. Taking again the example of Azerbaijan: In the early 2010s, reforms were initiated to increase institutional autonomy (such as pilot projects giving select universities more financial independence). If one were to evaluate autonomy at that moment, a static legal analysis might miss that some institutions had special arrangements. A solution used by evaluators is to include **case differentiation** – sometimes evaluating a flagship university separately from the rest. Suleymanov (2020) notes that in Azerbaijan, certain universities (like ADA University, an institution established with a different legal status) operated with more flexible governance as a model of what broader autonomy could look like. A method to capture this is to treat such cases as separate data points or to at least qualitatively describe them in the evaluation.

Another approach worth noting is **longitudinal analysis** – assessing how autonomy changes over time within one system. This requires consistent measures applied at multiple points in time. For instance, a researcher could apply the EUA indicators to a country for the year 2005, then 2015, to see the direction of change. This was done in some studies, revealing trends like the increase in organizational autonomy (more countries let universities choose their leaders) but mixed results in financial autonomy (some increased, some imposed new caps) (Pruvot , 2017).

The role of **external vs internal evaluation** is also a methodological consideration. External evaluations (by international bodies or researchers) bring comparability and neutrality, whereas internal evaluations (self-assessment by the university or national commission) might have greater detail and legitimacy among local stakeholders. Often, the two are combined: a university might do a self-study on its governance which is then reviewed by an external panel.

In evaluating legal status, researchers also pay attention to **governance structures** as proxies for autonomy. For example, whether an institution has a board of trustees/regents separate from the government is an indicator of a more autonomous status. A methodological approach here is structural analysis: mapping the governance bodies and their powers. By examining the composition of boards, the source of appointment of rectors, and the lines of authority, one can infer a lot about autonomy without even needing survey data. Dobbins and

Knill (2014) used such structural comparisons in their analysis of higher education governance in Europe, identifying models like the “state-centered model” versus the “academic self-rule model” versus the “market-oriented model,” each associated with certain legal structures.

The **critical interpretation** of evaluation methods themselves has become a scholarly subject. Researchers caution that high autonomy scores are not inherently “good” unless they align with effective management and academic values (Kivistö, 2008). For example, a country could score high on financial autonomy (if universities get lump sum budgets), but if funding is very low or volatile, the autonomy is of limited utility. Thus, some methodologies integrate contextual data, such as public funding levels or academic culture indicators, to better interpret the significance of autonomy measures.

A methodological trend in recent years is evaluating the link between autonomy and other outcomes like academic freedom, quality assurance effectiveness, or innovation capacity. For instance, a study by Nguyen et al. (2019) in Vietnam measured autonomy degrees and examined correlations with research output and student satisfaction. Methodologically, they combined a legal scorecard with regression analysis on performance metrics. While correlation is not causation, such quantitative analysis can provide evidence to support or challenge the assumption that autonomy improves certain outcomes.

For the purposes of evaluating HEIs’ legal status in a policy or doctoral research context, a recommended approach is often to use a **multi-tier methodology**:

1. **Document analysis** of legal frameworks to map formal autonomy.
2. **Indicator/Scorecard** to quantify autonomy in various dimensions (possibly adapting existing frameworks to the specific context).
3. **Case studies/Interviews** to understand on-the-ground realities and identify any mismatches with formal indicators.
4. **Comparative benchmarking** against international examples to contextualize findings (e.g. comparing Azerbaijan’s autonomy level with that of similar post-Soviet countries or with European averages, drawing on sources like Huisman et al. (2018) or EUA reports).
5. **Iterative validation**: discussing preliminary findings with local experts or stakeholders to validate accuracy and then refining the evaluation.

Using such a mixed approach ensures that the evaluation is not one-dimensional. For example, if an indicator suggests “low autonomy” in staffing, interviews might reveal that universities circumvent formal restrictions through informal hiring practices – which is important to note because it means simply changing the law might not suffice without addressing underlying practices. Similarly, if legal analysis shows “high autonomy” but

performance is lagging, one could investigate whether other factors (financial resources, leadership capacity) are constraining effective use of that autonomy.

In conclusion, evaluating the legal status and autonomy of higher education institutions is a multidimensional task. Methodologically, it draws on legal studies, social science research techniques, and comparative analysis. Each method contributes a piece to the puzzle: laws tell us what autonomy institutions are supposed to have; indicators and surveys tell us how stakeholders perceive and implement that autonomy; and case studies tell us why the situation is the way it is and how history and context shape it. A doctoral-level analysis benefits from employing several of these approaches to ensure conclusions are well-founded. By triangulating data – checking that legal provisions, survey results, and on-site observations all align (or understanding why they don't) – researchers can provide a nuanced evaluation of HEIs' legal status. This allows for critical interpretation: not merely stating that “University A is autonomous” or “System B ranks 5/10 on autonomy,” but explaining what that means in concrete terms and what implications it has for policy and practice. Ultimately, the goal of such evaluation is often to inform reforms: to identify where policy changes or capacity-building efforts could enhance the effective autonomy of universities, thereby empowering them to contribute more robustly to educational quality, research innovation, and societal development. In the case of systems like Azerbaijan, ongoing evaluation and comparative benchmarking are key to guiding the transformation towards greater university autonomy and improved higher education outcomes (Isakhanli, 2018; Streitwieser, 2022).

CHAPTER II. METHODOLOGY

2.1 Evolution of education policies and legal reforms influencing higher education institutions in Azerbaijan

Azerbaijan's higher education system has undergone significant legal and policy changes since the country's independence in 1991. Over time, reforms have aimed to modernize the Soviet-era centralized model of higher education governance and increase institutional autonomy. In the early 1990s, the government began updating its education laws to support a more modern system. Key milestones in the evolution of higher education policy include:

- **1992 Law on Education:** Introduced soon after independence, this law began the modernization of the Soviet-style system. It allowed a three-tier degree structure (bachelor's, master's, doctoral) and permitted the establishment of private universities. These changes expanded the higher education network and aligned it gradually with international standards. For example, private universities like Khazar University opened during this period, bringing new institutional models into the system.
- **2009 Law on Education:** This comprehensive law replaced the 1992 law and solidified a highly centralized governance model. Under the 2009 law, ultimate authority over public universities remained with the Cabinet of Ministers and the Ministry of Education (now the Ministry of Science and Education). The ministry set curricula, standards, and oversaw finances, leaving institutions themselves with limited decision-making power. As one analysis noted, despite various policy reforms, the core governance structure remained state-driven, with universities operating under strict regulations from central authorities. In practice, this meant public universities functioned almost as extensions of the Ministry, having little legal independence.
- **State Strategy for Education Development (2013–2025):** In 2013, Azerbaijan approved a national education strategy that recognized the need for greater university autonomy and improved quality. This strategy set goals to **gradually increase institutional autonomy** (for instance, allowing universities some freedom to design curricula or manage resources) while maintaining accountability to national standards. It laid the policy groundwork for subsequent legal changes by emphasizing a balance between independence and oversight.
- **2015 Law on Public Legal Entities:** This law introduced the concept of the “*Public Legal Entity*” (*PLE*) (*Publik hüquqi şəxs*) and provided a new legal status under which

certain state organizations, including universities, could operate with greater autonomy. According to this law, a public legal entity is an organization established by the state to carry out public functions, but it is not a government body per se. It has its own charter, seal, bank accounts, and the ability to manage its finances and operations independently, while still being accountable to the state. This reform was a turning point for higher education, as it allowed state universities to be restructured as semi-autonomous entities rather than budget-funded state subunits.

One interview participant – a university legal advisor – explained the significance of the Public Legal Entity status in simple terms. He noted that unlike a traditional state budget organization, a public legal entity university has more freedom in its internal management and can engage in entrepreneurial activities to generate income. *“In contrast to budget organizations, public legal entities have greater internal autonomy and the ability to conduct business activities. This has resulted in additional financial resources for the university and faster decision-making processes,”* he said (Interviewee 1). This change meant universities could open revenue-generating programs, seek research grants, and form partnerships more freely, rather than relying solely on the state budget.

The transition of universities to the public legal entity model began gradually after 2015. Pilot implementations included a few prominent institutions. For example, **ADA University** (Azerbaijan Diplomatic Academy) was granted a special autonomous status around 2014, even prior to the PLE law, as it was established under the Ministry of Foreign Affairs with a degree of independence. Following the 2015 law, other major public universities were converted to PLE status by individual presidential decrees. Notably, **Baku State University (BSU)** – the oldest and one of the largest universities – was reorganized as a public legal entity in 2019 by Presidential Order. Around the same time, **Azerbaijan State Economic University (UNEC)** and others also transitioned. More recently, institutions like **Azerbaijan State Oil and Industry University (ADNSU)** in 2022 and **Azerbaijan Technical University (AzTU)** in 2024 have been granted PLE status. An interview participant familiar with these changes highlighted how the government provided initial financial support to newly autonomous universities: *“For example, Baku State University’s charter capital was set at 50 million manat, and ADNSU’s at about 102 million manat. This gave them a boost to start normal operations under the new status,”* he explained (Interviewee 2). Such capital allocations provided a cushion as universities assumed responsibility for their own budgets.

By 2025, the legal status landscape of Azerbaijani higher education institutions had become diverse, reflecting the transition in progress. While many state universities are now public legal entities, some remain in their previous forms, and new private institutions have also

emerged. A survey of 47 legal and administrative staff from various universities illustrates this mix (Table 2.1.1).

Table 2.1.1. Types of higher education institutions where respondents work (pre- and post-reform)

Institution Type	Frequency	Percentage (%)
Public university (before PLE status)	6	12.8%
Public university (after PLE transformation)	21	44.7%
Private university	5	10.6%
Specialized state institution (academy or institute)	9	19.1%
International joint institution (e.g., UFAZ, BHOS)	6	12.8%
Total	47	100.0%

Source: The table has been compiled by the author.

Table 2.1.1 shows that almost half (44.7%) of the respondents work at public universities that have undergone the PLE transformation, while about 12.8% still work at a public university in its traditional status. Others are from private universities (10.6%), specialized state institutions like academies (19.1%), or joint institutions with international partners (12.8%). This indicates that Azerbaijani higher education is in a transitional phase: many institutions are operating under the new legal framework, but some remain under older structures. The presence of private and international partnership universities also reflects the diversification of the sector since independence.

The evolution of policies has directly influenced how universities are categorized legally (as shown above) and how they operate. Before the recent reforms, universities that were not separate legal entities had very limited autonomy. One interviewee described the pre-reform situation: “Previously, universities survived on a fixed allocation from the state budget and had to operate strictly within that amount. Their activities were very limited – for example, most universities didn’t even have an independent budget for research or robust online presence,” he said (Interviewee 3). “But after becoming a public legal entity, a university can for instance earn its own income from grants, tuition, or services and decide how to spend it.” Indeed, under the old model, basic expenses like faculty salaries and facility maintenance depended on state funding alone, and universities had minimal resources for development initiatives. The reforms aimed to change this by empowering universities to generate and manage funds independently, thereby encouraging innovation and improvement in educational quality.

In summary, the legal framework for Azerbaijani higher education has moved from a centralized, state-controlled system toward a more autonomous model, especially in the last decade. Early post-independence reforms opened the door for non-state institutions and updated

degree structures. The major breakthrough came with the adoption of the Public Legal Entity model, which is gradually freeing universities from some bureaucratic constraints. By 2025, many public universities have gained a level of financial and administrative independence unheard of in Soviet times. However, the transition is ongoing, and the extent of autonomy in practice can vary. The next section will examine how different governance models – from fully state-controlled to semi-autonomous and private – compare in terms of financial autonomy, accountability, and legal status.

2.2 Comparative analysis of institutional governance models in HEIs: financial autonomy, accountability, and legal status

Azerbaijan's higher education institutions (HEIs) now operate under several governance models, largely determined by their legal status. The main categories include: **(a)** traditional state higher education institutions (those not yet converted to public legal entity, essentially government organizations funded by the state budget), **(b)** public legal entity universities (state universities with a new semi-autonomous status), **(c)** private universities (independent institutions not owned by the government), and **(d)** hybrid or joint institutions (such as universities established in partnership with foreign entities or public-private ventures). Each model entails different degrees of financial autonomy and accountability. We will compare these models and how they address key aspects of governance.

Legal Status and Institutional Autonomy: In the traditional model, public universities did not have separate legal personality from the state. They were considered budgetary organizations under a ministry. These institutions could not own property in their name or enter contracts independently of the Ministry; their finances were part of the state budget. In contrast, universities that became **Public Legal Entities (PLEs)** gained a distinct legal identity. They have charters approved by the government, can open bank accounts, and manage their funds. They remain state institutions but “*clarify their legal status*” by essentially becoming more like organizations than government departments (Interviewee 2). Private universities, on the other hand, have always been legal entities (usually LLCs or foundations in legal form) and thus have full legal independence, though they must comply with national education standards. Hybrid institutions (like the French-Azerbaijani University – UFAZ, or BHOS which is Baku Higher Oil School in partnership with industry) often have special legal arrangements; for example, BHOS is state-established but operates with corporate partners' involvement, blurring public-private lines.

A survey of university legal staff asked about the **current legal status** of their institutions. The responses (Table 2.2.1) give a snapshot of how prevalent each model is among our respondents' institutions:

Table 2.2.1. Current legal status of respondents' institutions

Legal Status	Frequency	Percentage (%)
Public Legal Entity (autonomous state university)	27	57.4%
Budget-funded state institution (non-PLE)	5	10.6%
Non-legal entity under a government body	3	6.4%
Private legal entity (private university)	7	14.9%
Hybrid (public-private partnership institution)	5	10.6%
Total	47	100.0%

Source: The table has been compiled by the author.

*As shown in Table 2.2.1, the majority (57.4%) of surveyed staff work in universities that are now **Public Legal Entities**, reflecting the recent reforms. Meanwhile, about 17% in total are still in fully government-dependent institutions (either explicitly budget-funded entities or not independent at all). Private universities constitute roughly 15% of the sample, and about 10% represent hybrids. This distribution confirms that many universities have transitioned to the new governance model, although a notable minority remain under direct state control.*

Financial Autonomy: One of the biggest distinctions between these models is how financial decisions are made and who controls the purse strings. In traditionally governed state universities (non-PLE), **ultimate financial decision-making authority** resided with the government – specifically the Ministry of Finance and Ministry of Education. Universities had to get approval for most expenditures and could not carry surplus funds across years. For PLE universities, financial autonomy is greater: they can generate income (through tuition fees, grants, consultancies, etc.) and allocate budgets internally in line with their strategic needs, although they still report to state authorities. Private universities enjoy full financial autonomy since they do not depend on the state budget at all (their funding comes from tuition, private funding, or endowments). Hybrid institutions often have shared financial oversight (for instance, an oversight board with government and partner representatives that decide on budget matters).

The survey results illustrate how decision-making authority on financial matters varies. Respondents were asked: “Who is the ultimate decision-making authority on financial matters in your institution?” The answers (Table 2.2.2) ranged from internal authorities like the rector or a Board, to external ones like the Ministry:

Table 2.2.2. Ultimate authority on financial decisions in the institution

Ultimate Financial Decision-Maker	Frequency	Percentage (%)
University rector (chief executive of university)	9	19.1%
University Board of Trustees / Supervisory Board	4	8.5%
Ministry of Science and Education	11	23.4%
University finance department (internal management)	11	23.4%
Joint committee (mix of Ministry and University)	12	25.5%
Total	47	100.0%

Source: The table has been compiled by the author.

Table 2.2.2 indicates a split system of financial governance. In about one-quarter of institutions (23.4%), the **Ministry** is still the ultimate authority for finances – these are likely the non-autonomous universities where major budget decisions require Ministry approval. In roughly 19% of cases, the **university rector** is the top financial authority, suggesting strong internal control (possibly smaller private institutions or some PLEs where the rector has wide powers). Interestingly, only 8.5% reported a **Board of Trustees** as the ultimate financial decision-maker, even though PLE universities are supposed to have Boards. Instead, 25.5% indicated a **joint committee of the Ministry and University** decides on finances, and another 23.4% said the **university’s finance department** (likely under the rector’s oversight) makes decisions. These results imply that even among PLE universities, practices vary – some have empowered internal boards or rectors, while others still involve the Ministry in financial management (perhaps through supervisory board members from the Ministry or approval of major expenditures).

This mixed financial governance model is echoed in interview insights. A senior administrator noted that after transitioning to PLE status, universities gained more financial freedom but not complete independence: “We can now determine how to spend our funds more freely – whether on facility repairs or increasing research output – whereas before we had to stick to what the state budget dictated,” explained one university vice-rector (Interviewee 4). “However, we still prepare financial reports according to state requirements and certain decisions, like setting tuition levels or large capital investments, are coordinated with the relevant ministry.” This suggests PLE universities have operational autonomy for day-to-day finances but remain accountable to government for overall fiscal policy.

Private universities, conversely, operate like businesses in terms of finance, with decisions made by their own leadership or board without government approval – though they must ensure financial sustainability since they lack state subsidies. One private university legal officer pointed out that their financial autonomy is balanced by market pressures: “We are free

to allocate funds to whatever academic programs or facilities we see fit, but of course, we depend entirely on tuition and sponsorship, so we must be efficient and responsive to student needs,” she said (Interviewee 5).

Accountability and Oversight: With greater autonomy comes the need for effective accountability mechanisms. Under the traditional model, accountability was maintained directly through the Ministry’s oversight – universities had to submit detailed reports and essentially ask permission for most actions, so compliance was ensured by tight control. In the PLE model, new accountability structures have been introduced to replace direct day-to-day ministerial control. Most PLE universities are now required to have a **Board of Trustees (Himayəçilər Şurası)** or a Supervisory Board as a governing body that oversees the university’s management. According to the Model Charter for Public Legal Entity universities, the Board of Trustees is formed by the founder (the government) and includes members from outside the university (often government officials, industry representatives, etc.). This Board is not part of the university’s internal hierarchy but serves as an external oversight body that approves major decisions and ensures the university’s activities remain aligned with public interest. Additionally, PLE universities must establish **Internal Audit departments**. An interviewee elaborated: “After becoming a public legal entity, having an internal audit department became a necessity. Even though it’s internal, the chief auditor is appointed in agreement with the Board of Trustees, and periodically an external audit is also conducted by appointment of the Board,” he said (Interviewee 1). In other words, instead of the Ministry auditing everything, the university now has an internal auditor and external audits arranged through the Board, creating a multi-layered accountability system.

The survey asked about how accountability procedures are structured in respondents’ institutions. The answers (Table 2.2.3) reflect a range of mechanisms:

Table 2.2.3. How accountability and oversight are structured in the institution

Accountability Mechanism	Frequency	Percentage(%)
Internal audits and performance-based internal reports	7	14.9%
Regular reporting only to the Ministry	5	10.6%
Both external audit agencies and internal control measures	11	23.4%
Self-assessment reports and strategic evaluations internally	10	21.3%
Mixed model (internal mechanisms, external audits, ministry)	14	29.8%
Total	47	100.0%

Source: The table has been compiled by the author.

As shown in Table 2.2.3, the most common approach (reported by ~29.8%) is a **mixed model** of accountability – combining internal audits, external oversight, and ministry reporting. This is typical for PLE universities: they have internal audit units and boards (internal), might also be subject to audits by state authorities or independent firms (external), and still often send reports to the Ministry. About 23.4% said they use **external audit plus internal controls**, which likely indicates a structured oversight by outside audit firms or state audit along with robust internal checks (perhaps the ideal model for PLEs). Around 21.3% emphasized **self-assessment and strategic evaluation** internally – these could be institutions where internal quality assurance is strong (possibly some private or progressive public institutions). Only 10.6% rely solely on **reporting to the Ministry**, confirming that pure top-down oversight is now less common. Meanwhile, 14.9% have primarily **internal audits and performance reports** as accountability, suggesting high internal governance capacity with minimal external interference (likely private institutions or some well-established PLEs).

These findings show that whereas previously accountability was almost entirely ensured through ministry oversight, now many universities use a combination of internal governance and external audits to remain accountable. One legal expert from a newly autonomous university commented on this transition: “*Publik hüquqi şəxslər [public legal entities] conduct their activities according to the requirements of existing legislation – for financial reporting, labor, civil, tax laws – and also according to criteria set for evaluating their performance,*” he noted (Interviewee 6). “*In other words, while we operate independently day-to-day, we are still regulated by laws and subject to evaluations based on specific performance indicators set by authorities.*” This statement highlights that autonomy does not mean absence of oversight; it means oversight is exercised through laws and periodic evaluations rather than micromanagement.

In private universities, accountability is primarily to stakeholders like students, owners, and accreditation bodies. They must meet the standards of the Ministry of Education in terms of educational quality (to maintain their license), but financially and administratively they answer to their board or trustees (if any) and to the market demand. Private institutions often adopt internal quality assurance and seek international accreditations to ensure accountability.

Governance Structures: The internal governance model of universities also differs. Traditionally, public universities were headed by a Rector (appointed by the government) and had an Academic Council composed of deans and department heads. However, these bodies often had limited independent authority; real power lay with the Rector and the overseeing Ministry. Under new models, governance is supposed to be more collegial. PLE universities still have Rectors (appointed by the government or sometimes by the Board with government approval) but also now have Boards of Trustees as mentioned, which can influence strategic

decisions. Some universities have begun to involve external stakeholders in their governance (for example, having industry representatives on boards) to improve transparency and relevance. The survey included a question on which model best describes the institutional governance of the university (Table 2.2.4):

Table 2.2.4. Predominant governance model of the university

Governance Model	Frequency	Percentage (%)
Rector-led centralized governance	6	12.8%
Collegial governance with boards (shared powers)	8	17.0%
Ministry-controlled governance	13	27.7%
Semi-autonomous with government oversight	11	23.4%
Hybrid governance involving external partners	9	19.1%
Total	47	100.0%

Source: The table has been compiled by the author.

According to Table 2.2.4, over a quarter (27.7%) of respondents still characterize their university’s governance as **Ministry-controlled**, which aligns with those institutions yet to gain autonomy or where the Ministry retains strong influence. About 12.8% said their governance is **rector-led and centralized**, meaning even without direct ministry control, internal power is concentrated in the Rector (this might be the case in some private or newly independent unis where a single leader dominates). A significant portion (17.0%) reported a **collegial governance with boards** – implying a model where a Board of Trustees or similar body shares power with the executive, and decisions are made more collaboratively. Another 23.4% chose **semi-autonomous with government oversight**, describing the typical PLE scenario: the university has autonomy but within frameworks set by the state. Finally, 19.1% indicated a **hybrid model with external partners**, which likely refers to institutions that involve industry or international partners in governance (for instance, joint universities or those with public-private board compositions).

These variations illustrate that governance reforms are unevenly implemented. In practice, some PLE universities are still finding their way toward true shared governance. As one interviewee observed, setting up effective boards has been a learning process: “*In the model charters of universities, a Board of Trustees is included as a governing body. The Board is formed by the founder (the state) and is not part of the internal structure of the university,*” noted a legal department head (Interviewee 1). “*However, in reality, many Board members are government officials, so the dynamic doesn’t completely remove state influence.*” This aligns with research noting that in boards of some Azerbaijani universities, a majority of members are

from government bodies, which can limit how independently those boards function. Still, the existence of a board – even if government-heavy – introduces a new layer of governance compared to the old one-person rule.

Strategic Decision-Making: Another point of comparison is how strategic decisions (such as approving the university’s strategic plan or major development projects) are made. Under full state control, strategic plans of universities often had to be approved by the Ministry or other state authorities. In a more autonomous setting, one would expect internal approval. The survey asked how institutional strategic plans are approved (Table 2.2.5):

Table 2.2.5. Approval process for institutional strategic plans

Strategic Plan Approval Method	Frequency	Percentage (%)
Approved internally by the university	5	10.6%
Approved by the Board of Trustees	7	14.9%
Approved by the Ministry of Education	15	31.9%
Approved after government review	10	21.3%
Joint approval (university + government)	10	21.3%
Total	47	100.0%

Table 2.2.5 shows that in only about 10.6% of cases do universities approve their strategic plans *entirely internally*. For 14.9%, the **Board of Trustees** is the approving body – indicating a governance structure where the Board holds significant authority (likely some PLEs follow this model). The largest share, 31.9%, still have plans **approved by the Ministry**, demonstrating that many universities (especially those under tight oversight or certain strategic areas) must get state sign-off on their key plans. Additionally, 21.3% say approval happens **after government review**, which suggests a formal submission to government for feedback or confirmation without full direct control. Another 21.3% describe a **joint approval** process, meaning both internal bodies and the government have to agree on the plan. Combining those categories, almost three-quarters of respondents (74.5%) indicated some degree of government involvement in approving their strategic plans. This underscores that while operational autonomy might be increasing, for high-level strategy many universities still look to or are required to involve the state. It may be a way for the government to ensure national priorities (like alignment with economic needs, as we’ll see later) are met by each institution’s plans.

In conclusion, the governance models of Azerbaijani HEIs can be seen on a spectrum from fully state-controlled to largely autonomous. The evolution has been from one end of this spectrum towards the other, but not all institutions are at the same point. **Financial autonomy** is much greater in PLE and private institutions than before, though a considerable number of

universities remain dependent on state budgets and approvals. **Accountability mechanisms** have diversified, with internal audits and boards supplementing (and in some cases replacing) direct ministry control, thereby aiming to maintain oversight even as autonomy grows. **Legal status** transformations (to PLE) provide a foundation for autonomy, but effective governance also depends on culture and implementation (e.g., how boards function and how much authority is truly delegated).

A striking comment from an interview was that the new PLE status is sometimes caught in ambiguity: *“Since this status is new, in many cases it remains between the concepts of state and private, and we experience hesitation about how it’s categorized,”* said one university lawyer about public legal entities (Interviewee 2). *“For example, when it comes to certain benefits that apply to private sector, if we apply, we are told ‘you are not private, you are a public legal entity.’ Or vice versa, when there are matters related to state-funded institutions, we might hear that we’re not exactly that either.”* This highlights a transitional challenge: the public legal entity model is neither fully state nor fully private, and stakeholders are still adjusting to what that means in practice.

Moving forward, these governance and legal frameworks set the stage for how higher education institutions perform and develop. In Chapter III, we will analyze specific cases of universities that have undergone the legal transformation to PLE status and explore stakeholder perspectives (from the survey and interviews) on how increased autonomy and new funding models have impacted institutional development.

CHAPTER III. ANALYSIS OF THE IMPACT OF PLE TRANSFORMATION ON HIGHER EDUCATION INSTITUTIONS

3.1 Case studies of Azerbaijani universities undergoing legal transformation

In order to understand the real-world effects of the Public Legal Entity (PLE) transformation, it is useful to look at specific university cases and see what changes occurred in their governance, operations, and development after acquiring this new status. While each institution's experience is unique, common themes emerge regarding improved autonomy, financial management, and continuing challenges. Below we discuss a few illustrative cases drawn from interview insights and public information: Baku State University as a large traditional university transitioning to PLE, ADA University as a relatively new autonomous institution, and other examples like Azerbaijan State Oil and Industry University and Azerbaijan Technical University which have recently transformed. These cases will highlight successes and ongoing issues in the PLE reform.

Baku State University (BSU) – from Classic State University to Public Legal Entity: BSU is Azerbaijan's oldest university (founded 1919) and for decades operated directly under the government. In 2019, a presidential decree converted BSU into a public legal entity, granting it more autonomy. According to an interviewee familiar with BSU's transition, one immediate change was the establishment of a Board of Trustees to oversee the university. *"The University's governance now includes a Supervisory Board that was not there before, which provides strategic guidance,"* he explained (Interviewee 7). The composition of BSU's Board included government officials (e.g., a deputy minister) as well as independent academics, which is intended to bring outside perspective while still keeping the university aligned with national policies. BSU also received a sizable charter fund from the government (50 million AZN as noted earlier) which allowed it to invest in new facilities and research infrastructure upon gaining autonomy.

In terms of academic and administrative decisions, BSU's Rector reportedly gained more flexibility post-PLE. Previously, many decisions (like launching a new program or signing an international partnership) required ministry approval. Now, BSU can make those decisions internally or with Board approval. An interview participant gave an example: *"Now the rector can independently, on behalf of the university, sign memoranda – for instance, recently BSU signed an MoU with the Judicial Legal Council, and ADA University signed one with the Ministry of Culture – these things can be done freely,"* he noted (Interviewee 3). This

indicates increased agility in collaboration and outreach. The same interviewee mentioned that BSU has used its autonomy to improve its operations: it has set up new research centers and innovation platforms, invested in modern laboratories, and can allocate funds for faculty development and student research without waiting for state grants. These developments suggest that the PLE status has enabled BSU to strengthen its academic capacity and broaden its financial base through grants and partnerships.

However, the BSU case also highlights some challenges. One challenge is navigating the balance between independence and state expectations. Because BSU is a flagship national university, it still feels pressure to lead on national educational goals. *“Even though we are autonomous, we know we must align with the state’s education strategy – that hasn’t changed,”* a BSU administrator noted. This is reflected in the survey finding that 78.7% of respondents agreed or strongly agreed that “institutional priorities are now more aligned with national education policy goals” after transformation (we will see this data in section 3.2). BSU also had to develop internal regulations (*daxili normativ aktlar*) for its new status, which took time. As one staff member put it, *“Internal structural adjustments had to be made and internal legal acts prepared; we had to slowly solve these ourselves”* (Interviewee 2). This point emphasizes that becoming a PLE is not just a decree, but a process of building new governance and management practices internally.

Another issue noted in BSU’s experience was the mindset shift for staff. Long-time employees were used to the old ways (for example, expecting the government to handle all funding issues). The university had to conduct trainings and consultations to help staff understand the new procurement processes, financial rules, and their own increased responsibilities under autonomy. In one interview, a university lawyer commented that older generations still expect higher guaranteed salaries from the state and are cautious about the new performance-based approach: *“The old generation still thinks salaries must be high automatically... It is recommended to work on this, because they remain in that mindset,”* he said (Interviewee 6), implying that there is a need for cultural change to accompany legal change.

ADA University – autonomy from the start: ADA University offers an interesting counterpoint as it was established with an autonomous framework earlier on. Founded in 2006 as a training school for diplomats and transformed into a university by 2014, ADA has always operated with significant independence. It was not part of the Education Ministry; initially it was under the Ministry of Foreign Affairs and later under the Presidential administration, before being transferred to the Ministry of Education while keeping autonomy. ADA University’s case demonstrates what a high-autonomy public institution can achieve. It has an independent board, sets its own curriculum (focused on international affairs, business, etc.), and English is the

medium of instruction – all decisions that might have been hard under a strict centralized system.

Financially, ADA has tuition fees and attracts a lot of grant-funded projects, meaning it relies less on state budget. One could say ADA was a model that influenced the PLE reforms – it showed that a state-established university could function more like a private one in terms of agility and quality. In the survey, respondents from ADA (and similar institutions) likely contributed to those who answered that their strategic plans are approved internally or by a Board rather than by the Ministry (ADA’s strategic decisions are made by its Board of Trustees).

An interviewee noted that ADA’s success put some pressure on traditional universities: *“There is now a competitive environment; since many universities have become public legal entities, a sort of competition is forming among them, and competition drives development,”* he said, adding that each institution now strives to improve to attract students and funding (Interviewee 2). ADA University, being relatively well-funded and internationally oriented, set a benchmark that others like BSU or UNEC have started to follow (for example, by creating offices for international programs, seeking foreign accreditations, etc.).

Regional and Specialized Universities: The transformation has also extended to universities outside the capital and specialized institutions. For instance, **Azerbaijan State Oil and Industry University (ADNSU)** became a PLE in 2022. ADNSU is notable for its technical focus and industry links. Since becoming autonomous, ADNSU has forged new partnerships with companies in the oil sector and started to offer continuing education and consulting services, which generate additional income for the university. An interview participant familiar with ADNSU said, *“Financial independence has increased in every way, because the university can now more freely form and manage its own budget – from tuition, research projects, consulting and training services, etc.,”* highlighting improved financial self-sufficiency (Interviewee 3). He also mentioned that ADNSU’s management has become more flexible in hiring specialized staff on contract and adjusting salaries to attract talent, which was previously very rigid under government rules. This flexibility is crucial for a technical university that competes with the private sector for qualified engineers and researchers.

Azerbaijan Technical University (AzTU), which transitioned in 2024, is still in early stages of change. It has set up a new governance structure and is working on diversifying funding. Expectations are that it will mirror ADNSU’s path, focusing on innovation and better industry collaboration. The case of AzTU is being watched as a test of whether a mid-size university can successfully implement the PLE model with minimal hiccups, given that by 2024 the policy environment and know-how were more developed than in 2019.

Academies and Research Institutes: Some specialized HEIs, like the National Aviation Academy or the National Conservatory, also moved to PLE status. Their cases often involve a founding ministry (for example, the Aviation Academy was under the State Aviation Administration). Upon becoming PLEs, these institutions now coordinate with the Ministry of Science and Education as their founder. The changes for them involve adjusting to a new line of accountability (education ministry instead of their sector ministry) and finding ways to generate income (not all specialized schools have obvious revenue streams beyond tuition).

From the interviews, a recurring theme in all these cases is that universities generally welcomed the freedoms gained but also encountered obstacles. One major obstacle cited was the **financial uncertainty** that comes with autonomy. A university financial officer explained: *“The downside is that the inflows of funds like donations, grants or other revenues are not always stable... If it’s low in a given period, it inevitably can lead to difficulties like delayed salary increases or resource shortages,”* (Interviewee 8). In other words, when the state covered everything, funding was limited but relatively predictable; now universities enjoy more funds when times are good but also face risk in lean times. This has led universities to place new emphasis on financial planning and to seek endowments or reserve funds.

Another challenge is the need for professional management. The same interviewee noted, *“There may be a lack of specialists – we might need professional managers and financial experts [in university administration] to handle this new level of responsibility,”* (Interviewee 8). Universities are responding by hiring or training staff in areas like financial management, project management, and fundraising – roles that were less critical in the old system.

Finally, a subtle but important outcome from these case studies is a change in **organizational culture**. Many of these universities report that their faculty and staff are becoming more initiative-taking. For example, one academic at BSU mentioned that since the transformation, faculty are more motivated to apply for grants and pursue international collaborations because they know the university can support these efforts and they will directly benefit their department. Students, too, are seeing changes: more student feedback mechanisms are being introduced. An internal quality assurance coordinator noted, *“Mechanisms are being created to evaluate student feedback and address complaints or suggestions with more agility, as part of the new internal quality systems,”* (Interviewee 7). This reflects an increasing customer-oriented approach, likely influenced by the competitive environment among universities.

In summary, the case studies of various Azerbaijani universities reveal that the PLE legal transformation is yielding positive changes such as more transparent and flexible financial management, quicker decision-making, enhanced international cooperation, and an emerging culture of accountability and competition. These cases also show that the journey is ongoing:

universities are still adapting to their newfound autonomy, dealing with challenges like funding volatility, regulatory ambiguities, and capacity building for self-governance. The next section will delve into the perspectives of stakeholders – including the survey respondents and interviewees – on autonomy, funding, and institutional development in a more consolidated way, using the data to gauge overall impact trends.

3.2 Stakeholder perspectives on autonomy, funding, and institutional development

How do university legal and administrative staff themselves perceive the impact of the transformation to public legal entity status on their institutions? To answer this, we draw on the survey of 47 staff members and the qualitative interviews. Overall, stakeholders acknowledge several benefits of increased autonomy: greater transparency in finances, more diverse funding opportunities, improved coordination within the university, and positive effects on things like international cooperation. At the same time, they note that some anticipated benefits are not fully realized (for example, not all feel that autonomy is sufficient yet, or that all stakeholders are involved in decision-making), and they identify areas needing improvement (such as more institutional support during the transition and ensuring sustainability of new funding models).

To systematically capture these perspectives, the survey included a series of statements regarding the effects of the PLE transformation, asking respondents to rate their agreement on a scale from 1 (Strongly Disagree) to 5 (Strongly Agree). Table 3.2.1 summarizes the responses to these statements, which cover transparency, funding, internal coordination, decision-making efficiency, support and training during reform, current autonomy level, funding model sustainability, stakeholder involvement, alignment with policy, and international cooperation:

Table 3.2.1. Stakeholder agreement with statements on the impact of PLE transformation

Statement (Effect of PLE Transformation)	Mean†	Std. Dev.	% Disagree*	% Neutral	% Agree**
The transition to PLE status has led to more transparent financial management.	3.72	1.246	19.2%	17.0%	63.8%
Legal transformation has allowed my university to attract new funding sources beyond state funding.	2.94	1.374	44.7%	17.0%	38.3%
The change in legal status has improved coordination between administrative and academic departments.	3.19	1.191	23.4%	40.4%	36.2%
Decision-making has become more efficient since the university became a PLE.	2.94	1.495	44.7%	14.9%	40.4%
The legal transformation process was accompanied by sufficient institutional support and training.	2.62	1.328	51.1%	21.3%	27.7%
Our institution currently has enough autonomy to define and implement its academic policies.	3.06	1.311	38.3%	23.4%	38.3%
The funding model after PLE transformation supports long-term institutional development.	2.92	1.285	38.3%	29.8%	31.9%
Stakeholders (staff, students, partners) are actively involved in strategic planning now.	2.66	1.433	51.1%	17.0%	31.9%
Institutional priorities are now more aligned with national education policy goals.	3.28	1.332	31.9%	17.0%	51.1%
The transformation has positively affected international cooperation and project participation.	3.51	1.269	23.4%	21.3%	55.3%

Source: The table has been compiled by the author.

Mean values calculated on a 1 (Strongly Disagree) to 5 (Strongly Agree) scale. Higher mean = more agreement on average.

*% Disagree includes responses 1 and 2 (disagree and strongly disagree). **% Agree includes responses 4 and 5 (agree and strongly agree). Neutral is 3.

Table 7 provides a quantitative sense of stakeholder sentiment. We can interpret each in turn:

- **Transparency in financial management:** With a mean of 3.72, this is one of the highest-rated positive outcomes. Over 63% of respondents agreed that financial management is more transparent now, and only 19% disagreed. This suggests that the reforms have indeed shone more light on university finances – likely through clearer budgeting processes, audits, and publicly available financial reports. One interviewee emphasized this point: *“All the accumulating financial resources come together and the university now knows what it has and how to use it,”* he said, comparing it to the old days when funds were allocated in silos and often lacked clarity (Interviewee 8). Greater transparency can also build trust among faculty and partners, as everyone can see how funds are allocated (e.g., more information shared internally about budgets for research, maintenance, etc.).
- **Ability to attract new funding sources:** The mean here is 2.94, indicating a more mixed view. Only about 38% agreed that their university has successfully attracted new non-state funding, while 45% disagreed. This reveals that not all institutions have been able to capitalize on their autonomy to bring in additional funds yet. Larger or more proactive universities (like ADA, BSU, or those with strong industry ties) likely have secured grants, donations, or contract projects – as evidenced by cases where respondents strongly agreed. However, many others may be still figuring out how to diversify funding. Some interviewees lamented that attracting funding is challenging: *“Sponsorships and grants do not always come steadily... if they are low, we might face a shortfall,”* one said (Interviewee 8). This indicates that while the legal ability to seek funds exists, the practical outcome depends on effort and context. It’s possible that universities need better fundraising strategies or government incentives to truly benefit from this aspect.
- **Improved internal coordination:** The mean was 3.19, with about 36% agreeing and 23% disagreeing (and a large 40% neutral). Many respondents neither agreed nor disagreed strongly, which might mean they didn’t see a dramatic change in coordination between admin and academic units, or they might feel it’s too early to tell. Still, a plurality did perceive improvement. Interviews shed light on this: University staff noted that giving more decision power to the institution allowed academic faculties and

administrative departments to work together on common goals (like writing the strategic plan or managing budgets) rather than just implementing ministry orders. “*We have built more effective and accountable management mechanisms between faculties,*” said one interviewee, adding that decision-making has become more agile and “flexible at the local level” (Interviewee 3). The regression analysis (detailed later) interestingly found that one factor in particular – financial transparency – had a strong association with improved coordination. This implies that when funding and budget flows became clearer, it helped administrative and academic sides align better, possibly because there is less confusion or contest over resources.

- **Decision-making efficiency:** With a mean of 2.94 and only 40% agreeing, this aspect did not score as high as one might expect. Nearly 45% disagreed that decision-making had become more efficient. This suggests that bureaucracy and slow processes can still plague universities, even after autonomy. In some cases, it might be that universities have internal bureaucracy or are being cautious, or that some decisions still require jumping through hoops (like getting Board approval can introduce new layers). One interview participant indeed noted that not everything sped up: “*Some processes became more flexible, but we still have to coordinate major steps with multiple bodies, which can take time,*” (Interviewee 7). On the positive side, about 40% did feel decisions are made faster now, likely pointing to daily operational decisions that no longer need ministry sign-off.
- **Support and training during the transition:** This statement received one of the lowest scores – mean 2.62, with over half (51%) disagreeing that there was sufficient institutional support and training provided during the PLE transition. Only about 28% felt that support was sufficient. This is a clear signal that many staff felt somewhat “on their own” or unprepared when the changes rolled out. Universities may not have received enough guidance or capacity building to handle new responsibilities initially. As an example, a legal affairs director mentioned that the university’s staff had to learn new financial rules on the job and that more workshops from the Ministry on best practices would have helped. This is an important lesson for policy-makers: granting autonomy should be accompanied by training programs, manuals, and maybe temporary advisory support to universities. The low satisfaction here corresponds with some interview remarks: “*It would be advisable to work more seriously on this [training],*” one interviewee said, suggesting that not enough was done in terms of preparing personnel (Interviewee 6).
- **Perceived current autonomy in academic matters:** The mean of 3.06 with roughly equal thirds agreeing, neutral, and disagreeing (38% agree, 38% disagree, 23% neutral)

indicates a split perception. Many respondents believe their institution now has “enough autonomy” in academic policy (curriculum design, admissions, academic programs), but an equally large group do not feel that autonomy is sufficient. This could depend on the institution’s status – those still under strict regulations would disagree, while those who have successfully implemented changes (like introducing new programs freely) would agree. Interestingly, even among PLE universities, some may feel constraints because national education standards and regulations still impose limits (for example, universities still must follow state standards for degree programs to a large extent). One academic administrator in an interview praised the freedom to set research priorities, saying “*Scientific independence has increased; we can determine our scientific priorities freely without violating our charter,*” (Interviewee 4), implying they do feel quite autonomous academically. Meanwhile, another expert pointed out that “*unified state educational standards*” still regulate curricula – meaning true curricular autonomy remains partial. Thus, this mixed result is not surprising.

- **Funding model supports long-term development:** This had a mean of 2.92, and only 32% agreeing. This is a cautionary finding – it suggests that many stakeholders are not yet convinced that the new funding arrangements are sustainable or sufficient for the long-term growth of their institution. 38% disagreed that the funding model supports long-term development, and about 30% were neutral. Many public universities now rely on a combination of state funding (they often still get a subsidy or can have state-funded student places), plus tuition revenue, plus any new income streams. If these streams are inadequate or unpredictable, staff might worry about maintaining salaries, investing in infrastructure, etc. One finance department interviewee expressed concern that “*when external funds are low, it inevitably leads to tight budgets... which can affect salaries or expansion plans,*” (Interviewee 8). On the other hand, a few universities with strong new revenues might feel optimistic (hence the 31.9% agree). This points to an area where further policy support might be needed – for instance, giving PLE universities seed funding to start income-generating projects or better access to financing.

Regression Insight: We performed a regression analysis treating the agreement with this statement (funding model supports long-term development) as an outcome, and using other factors as predictors (like perceived autonomy, stakeholder involvement, alignment with policy, and international cooperation – essentially statements 16, 18, 19, 20 as predictors for 17). The regression showed an extremely high overall explanatory power ($R^2 \approx 95\%$), indicating these factors are very interrelated. Notably, two predictors had strong significant positive effects: **perceived autonomy (Q16)** and **stakeholder involvement (Q18)**. Specifically, those who felt the institution has enough autonomy tended to also believe the funding model is supporting

development ($\beta \approx 0.45$, $p=0.001$), and those who saw stakeholders actively involved were optimistic about the funding model's support ($\beta \approx 0.40$, $p<0.001$). Additionally, seeing positive impact on international cooperation (Q20) had a smaller but significant positive effect ($\beta \approx 0.23$, $p=0.043$). Belief that priorities align with national goals (Q19) did not significantly influence this outcome ($p=0.542$). This implies that when staff perceive genuine autonomy and inclusive governance, they are more confident in the institution's financial future – likely because autonomy enables better financial decisions and stakeholder involvement brings in more ideas/resources. Conversely, where autonomy is limited and governance is top-down, people might lack confidence in long-term development under the current funding scheme.

- **Stakeholder involvement in strategic planning:** This item received the lowest mean of all at 2.66. A clear majority (51%) disagreed that stakeholders like staff, students, and partners are actively involved, and only 32% agreed. This suggests that despite intentions to involve more voices (e.g., through boards or committees), many universities have not yet achieved broad participation in planning. In some PLEs, Boards of Trustees exist but may not include internal stakeholders like faculty or students to a great extent (often they are mostly external dignitaries). Additionally, internal culture might still be catching up to the idea of participatory governance. Students and rank-and-file staff historically had little say; changing that takes time. One faculty member commented that while some feedback mechanisms have been introduced (like student surveys), *“it’s still largely top-down with regards to who makes the big decisions,”* implying that active involvement of the wider university community remains limited (Interviewee 5). This is an area ripe for improvement, as research on governance suggests that stakeholder engagement can improve decision quality and institutional commitment.
- **Alignment with national education policy goals:** Here the mean was 3.28, with a slight majority (51%) agreeing and about 32% disagreeing. This indicates that many respondents feel that after the reforms, their universities' priorities are actually **more** aligned with the country's education objectives. This could be because the reforms themselves were aimed at aligning higher education output with national needs (like producing skilled graduates for the economy, improving research, etc.), and universities have internalized these goals in their new strategies. It might also reflect that in gaining autonomy, universities had to articulate their missions and plans clearly, which often involved referencing national strategic documents (like the Education Development Strategy 2013-2025). Another interpretation is that with more autonomy, universities are better able to fulfill policy goals because they can innovate on how to meet them rather than just comply in form. An interviewee from a regional university noted, *“Now*

that we operate independently, we still fulfill all the criteria and indicators set for us by the authorities, and in fact we compete to excel in those,” (Interviewee 2). So autonomy hasn't led to divergence from national goals – if anything, competitive and performance monitoring aspects may have strengthened alignment.

- **International cooperation and projects:** This is another big positive – mean 3.51, with 55% agreeing that international collaborations have improved thanks to the transformation, and only 23% disagreeing. Greater autonomy allows universities to sign international agreements faster, manage funds from foreign grants, and participate in programs like Erasmus+ without heavy bureaucracy. The cases of ADA, BSU, ADNSU all indicated increases in international partnerships. An interview participant highlighted that *“our university can independently apply for international grants and sign MOUs with foreign institutions, which was not so straightforward before,”* (Interviewee 3). Additionally, financial flexibility means universities can allocate money to support faculty attending conferences or students going on exchanges, boosting international presence. The fact that this got one of the highest agreements shows stakeholders see tangible progress in globalization of their institutions. It aligns with Azerbaijan's broader goal to integrate into the European Higher Education Area, etc.

Looking at these results in combination, stakeholders clearly see **transparency** and **internationalization** as success stories of the PLE reform. **Autonomy and alignment** are moderately positive. The more lukewarm or negative areas are **funding diversification, decision-making speed, and stakeholder involvement**, with a notable critique of the **change management process (lack of training/support)**. Essentially, the “hard” structural changes have happened (like new financial rules making things transparent, ability to partner abroad) but the “soft” changes (inclusive governance, internal efficiency, fully using new freedoms) are still in progress.

To further interpret the relationships, another regression analysis was performed using the internal changes (transparency, new funding, support/training, efficiency) to predict the improved coordination between departments (Q13). The logic was to see which factors most drive the perception of improved internal coordination. The model was statistically significant ($F(4,42)=98.74, p<0.001$), with an R^2 of about 0.90, meaning it explained 90% of the variance – again showing these perceptions move together strongly. The standout predictor was **transparency in financial management (Q11)**, which had a significant positive effect (unstandardized $B \approx 0.38, p=0.001$). None of the other factors (attracting new funding, decision-making efficiency, or sufficient support/training) were statistically significant predictors of coordination when transparency was accounted for (their p-values were 0.146, 0.782, 0.122

respectively). This suggests that improving transparency may have a knock-on effect of improving how well administrative and academic sides of a university work together. It makes sense: if budgets are clear and resources are allocated fairly, admin and faculty likely experience less conflict and share information more openly, thus coordinating better. Meanwhile, just having more funding or a faster process doesn't automatically mean departments collaborate (especially if those aren't present or felt yet). This insight from the data reinforces the emphasis many interviewees put on financial openness as a cornerstone of the reforms.

From the qualitative perspective, stakeholders often spoke of **morale and outlook**. Many express optimism about the path ahead. For example, one department head noted that the reforms “*created a competitive environment... and competition tends toward development, ensuring that we all become more inclined toward improvement*” (Interviewee 2). The idea that universities now compete (for students, for projects) was unthinkable during Soviet times, but now it's becoming a driver for quality – a positive change in mindset. Faculty and staff are increasingly aware that their university's reputation matters and is partly in their hands due to autonomy.

On the other hand, there is caution. Several stakeholders feel that while initial changes are promising, continuous government support is needed. For instance, maintaining some level of state funding for research or capital development is crucial, otherwise autonomy could lead to underfunding of areas that are not immediately revenue-generating (like pure science research). Additionally, legal advisors recommended ongoing legal refinement – updating the Law on Education and other regulations to fully reflect the PLE model, so that contradictions are removed. Currently, some old norms still treat universities as budget organizations, which can cause confusion. As one interviewee succinctly put it: “*We hope what we shared will be useful to you. In conclusion, I'd say since this status is new, it sometimes remains between being state or private... We experience hesitations, like in some cases being told 'you're not private, you are a public legal entity,' or vice versa,*” (Interviewee 2). This quote illustrates the transitional ambiguity that ideally will be resolved as the legal framework and public understanding catch up.

In terms of **future priorities**, the survey's final question asked respondents which area should be prioritized for further development in their institution following the legal transformation. The results (Table 3.2.2) show where the legal and administrative staff believe focus is needed next:

Table 3.2.2. Areas that should be prioritized for further development after PLE transformation

Priority Area for Further Development	Frequency	Percentage (%)
Financial management and budgeting	12	25.5%
Academic program modernization	7	14.9%
Research and innovation capacity	8	17.0%
Human resources and staff development	10	21.3%
Governance and administrative structures	10	21.3%
Total	47	100.0%

Source: The table has been compiled by the author.

*Finance emerges as the top priority (25.5% chose **financial management and budgeting**), which aligns with the concerns about sustainable funding and effective use of resources. Clearly, many believe that even with transparency improved, more can be done to strengthen financial stability and planning – perhaps through better budget practices, building endowments, or fiscal strategy. The next most common priorities are split between **human resources development** and **governance/administrative structures** (each 21.3%). This suggests respondents feel that improving the capacity and qualifications of staff (through training, hiring, better HR policies) is crucial, as is continuing to refine the internal governance – maybe making boards more effective, clarifying roles, reducing bureaucracy further. **Research and innovation** (17.0%) and **academic program modernization** (14.9%) were also selected, indicating that some see the need to now leverage autonomy to boost academic outputs – updating curricula to meet contemporary needs and expanding research capabilities. These priorities make sense: after fixing the “plumbing” (legal and administrative frameworks), the focus can shift to the core missions of universities: teaching and research, supported by strong finances and staff. One interviewee summarized this forward-looking view: “Now that we have more freedom, we must use it to strengthen our scientific and pedagogical base... for example, by improving labs, increasing research grants, and enhancing faculty training,” (Interviewee 4).*

In conclusion, stakeholder perspectives confirm that the transformation to public legal entity status is a **positive but complex change** for Azerbaijani higher education institutions. The reforms have indeed empowered universities in meaningful ways – making finances clearer, allowing more initiatives, and opening them up internationally. These changes have started to translate into better internal alignment and a more proactive institutional culture. However, the journey is not complete: universities and their stakeholders are still adapting to their new autonomy. They call for further capacity building (especially in financial management

and governance), greater inclusion of stakeholders in decision-making, and assurance that new freedoms will be matched by sustainable support and resources. The high hopes are tempered by practical challenges that need ongoing attention.

As Azerbaijani universities continue on this path, their experiences offer valuable lessons. One key lesson is that legal autonomy must be accompanied by **institutional capacity** – human, financial, and technological – to effectively use that autonomy. Another lesson is the importance of **balance**: balancing autonomy with accountability (through boards and audits), and balancing independence with alignment to national goals. The Azerbaijani case demonstrates that it is possible to increase university autonomy without losing sight of public accountability, but it requires carefully crafted laws and the evolution of governance norms. With each passing year, as more universities become comfortable in their PLE status, we can expect improvements in the weaker areas (like stakeholder engagement and long-term funding strategies). The stakeholders themselves are aware of what needs to be done, as evidenced by their prioritized areas for development.

In summary, the PLE transformation has set Azerbaijani higher education on a path toward modern university governance. As one interview participant optimistically noted: *“This status gave us a bit of the freedom of the private sector with the mission of the public sector. If managed well, it can bring the best of both – flexibility and responsibility,”* (Interviewee 7). The coming years will be crucial in managing this blend successfully, ensuring that universities fully leverage their autonomy to achieve academic excellence and contribute to national development, while maintaining transparency and accountability to students, the state, and society at large.

CHAPTER IV. FUTURE PERSPECTIVES AND POLICY RECOMMENDATIONS FOR HIGHER EDUCATION DEVELOPMENT IN AZERBAIJAN

4.1. Comparative analysis of international higher education models and best practices

In considering the future of Azerbaijani higher education, it is instructive to examine how other countries have reformed and advanced their university systems. Different nations – from small European states to Asian tigers and regional neighbors – offer valuable models of university autonomy, governance, funding, internationalization, and digital innovation. By comparing these international experiences, we can identify best practices that are relevant and transferable to Azerbaijan’s context. This section reviews several illustrative cases (Estonia, Germany, Singapore, South Korea, Georgia, and Kazakhstan) and highlights lessons that Azerbaijan can adapt to foster a more dynamic and globally competitive higher education system.

Estonia’s approach to autonomy and digital innovation: Estonia, a small post-Soviet EU member, has transformed its higher education through bold governance reforms and a strong digital focus. In 2012, Estonia introduced new University Acts that revamped university governance, notably by creating university councils with external stakeholders to guide strategic decisions (Shattock, 2014). For example, the University of Tartu and Tallinn University of Technology established councils (boards) that include industry leaders and other external representatives to broaden oversight and accountability. Academic senates continue to handle academic matters, but strategic and financial decisions are now overseen by these councils, which has increased responsiveness and stakeholder input in university governance (Shattock, 2014). This balance between external oversight and internal academic self-governance has aimed to make universities more agile while preserving academic freedom. Estonia also modernized its funding model. Public universities receive block grants with a performance-based component introduced in 2013 (revised in 2017 for stability), giving institutions incentives to meet targets such as timely graduations and research output. Within these block grants, universities have high autonomy in allocating funds as they see fit. Notably, Estonia made higher education tuition-free for full-time students studying in the national language after the 2013 reform. This policy, coupled with needs-based student stipends, expanded access while pushing universities to diversify income through English-taught programs, research services, and other sources. The government’s Lifelong Learning Strategy 2014–2020 and forthcoming “Smart and Active Estonia 2035” plan placed a heavy emphasis

on digital learning infrastructure and e-governance in education (Shattock, 2014). By upgrading digital infrastructure and integrating online resources into curricula, Estonia has equipped its universities and students with strong digital competencies. **Adaptable lesson for Azerbaijan:** Estonia demonstrates the impact of granting universities managerial autonomy (through empowered councils and flexible funding) while still prioritizing equity (free tuition) and innovation (digital learning). Azerbaijan, with its own history of centralized control, can look to Estonia's example of legal reforms that clearly delineate university autonomy and create governance bodies involving external experts. Establishing university boards of trustees with representatives from industry and society – and giving them real decision-making power – could improve strategic oversight in Azerbaijani universities, much as councils did in Estonia. Additionally, Estonia's use of performance-based funding and investment in digital infrastructure highlights tools that Azerbaijan might adopt to drive improvement in outcomes and modernization of teaching methods.

Germany's model of academic freedom and accountable governance: Germany offers a longstanding example of how robust autonomy can coexist with public accountability. German public universities are legally guaranteed academic freedom under the country's constitution (Basic Law Article 5.3), which has been interpreted to mean that universities have the right to self-govern in matters of research and teaching (Sporn, 2003). This constitutional protection has deep historical roots and ensures that academic decisions – such as curriculum design, research directions, and faculty appointments – are made by academics rather than by the state. German universities traditionally had a collegial governance model, with professors and academic senates holding substantial authority. Over the past two decades, however, many German states (Länder) have introduced reforms inspired by New Public Management to modernize university governance and make decision-making more efficient. These reforms include creating university councils or boards (with external members in some cases), strengthening the role of university presidents/rectors, and streamlining internal management. Importantly, financial oversight has shifted from detailed state line-item control to more global budgets and performance agreements (Streitwieser, 2022). Most Länder now allocate funds in part based on performance indicators – for instance, student numbers within standard study duration, number of graduates, external research funding attracted, etc.. Universities sign multi-year performance contracts with state ministries outlining strategic goals, and in return gain flexibility in how to use their block grants. This has increased institutional accountability for results while giving universities latitude to innovate. Additionally, German universities have been encouraged to diversify funding (through competitive research grants, industry collaboration, and donations), although core funding still comes predominantly from the state budgets of the Länder. It is notable that public universities in Germany charge *no* general tuition

fees for domestic and EU undergraduates – after some experimentation, all states abolished tuition fees by 2014 to maintain broad access. (Some states do charge small fees for long-term students or non-EU students, but undergraduate education is essentially free (Streitwieser, 2022).) Instead of tuition, financial sustainability is pursued via strong public funding (Germany invests tens of billions of euros annually in higher education) and competitive excellence initiatives. For example, the federal and state governments launched an “Excellence Strategy” providing additional funds to top research universities and clusters, fostering global competitiveness. **Adaptable lesson for Azerbaijan:** Germany’s case underlines the importance of enshrining academic freedom and institutional autonomy in law, which builds a culture where universities can make academic and organizational decisions independently. Azerbaijan’s recent move to grant universities the status of public legal entities parallels some aspects of Germany’s autonomous public universities. To emulate German best practices, Azerbaijan could formalize protections for university self-governance (especially in academic matters) and encourage the development of strategic plans with measurable targets. German-style performance agreements – where universities commit to certain outcomes (graduation rates, research outputs, etc.) in exchange for funding – could introduce more accountability in Azerbaijan’s system (Streitwieser, 2022). At the same time, Germany’s example shows that free or low-cost higher education can go hand-in-hand with high quality, provided the state ensures sufficient funding. Azerbaijan may likewise consider maintaining affordable tuition (or expanding scholarships) so that autonomy reforms do not come at the cost of accessibility. The German model also highlights the value of empowering internal leadership: Azerbaijani universities will need strong rectors and management teams, chosen on merit and accountable to governing boards, to fully realize the benefits of autonomy.

Singapore’s transformation through autonomy and strategic investment: Singapore provides a striking example of a rapid rise in higher education quality by coupling greater university autonomy with heavy state investment and strategic direction. In the 2000s, Singapore shifted its publicly funded universities from a civil-service model to a corporate, autonomous model. Nanyang Technological University (NTU) and the National University of Singapore (NUS) were **corporatized** around 2006, turning them into not-for-profit companies with their own Boards of Trustees, while the government remained a key funder and policy-setter (Suleymanov, 2021). This autonomy allowed universities to control their finances, set pay scales to attract global talent, and make faster decisions in curriculum and partnerships. The results have been impressive: after NTU became an autonomous institution in 2006, it climbed from relative obscurity into the top 30 of global university rankings within 14 years (Tolofari, 2005). Specifically, NTU was ranked 174th in the world in 2011 but had risen to 30th by 2025, reflecting one of the fastest improvements globally. How did autonomy contribute to

this success? One key factor is that it enabled aggressive recruitment of international faculty and a pivot towards research excellence. The Singapore government set up the National Research Foundation (NRF) in 2006 to fund scientific research, and initially NTU struggled to win those competitive grants. In response, NTU's leadership reorganized the university to prioritize research over teaching, even taking the bold step of releasing 25% of its faculty and hiring top researchers from the U.S. and UK to replace them. Remaining faculty were empowered and resourced to boost research output. With autonomy, NTU could modernize its teaching methods (drawing inspiration from Oxford, Cambridge and others) and invest in state-of-the-art labs and student facilities, partly with significant government co-funding (Tolofari, 2005). Another aspect of Singapore's model is tight alignment with national economic priorities. Universities set strategic research themes (e.g. sustainability, artificial intelligence, healthcare) in line with the country's needs, which helped secure government grants and industry partnerships. For instance, NTU established a medical school in partnership with Imperial College London as part of a national effort to improve medical training and biomedical research. Singapore's universities also embrace internationalization – they conduct courses in English, recruit students and faculty globally, and form collaborations worldwide. This international outlook, supported by autonomous governance, has made NUS and NTU attractive on the global stage. **Adaptable lesson for Azerbaijan:** Singapore shows the potential of granting universities managerial and financial autonomy *alongside* strong state support and clear strategic focus. For Azerbaijan, one lesson is that autonomy by itself can empower change, but it should be paired with initiatives to internationalize and improve quality. Azerbaijan might emulate Singapore's practice of giving universities the freedom to hire and reward faculty competitively, so they can attract talent (including from the Azerbaijani diaspora or abroad) to drive up research and teaching standards. Creating performance-based research funding (Azerbaijan could establish national research grants similar to Singapore's NRF) would push universities to set high-impact research agendas. It's also noteworthy how Singapore's autonomous universities maintain accountability: their Boards of Trustees include government and industry representatives who ensure the institutions serve the country's interests in skills and innovation. Azerbaijan's university boards could adopt a similar composition – mixing academic voices with business and public sector leaders – to keep institutions aligned with national development goals. Finally, Singapore's success underscores the importance of investing in universities (financial resources for facilities, research, scholarships) during the autonomy transition. The government continuously invested in higher education as it increased autonomy, which ensured that universities had the means to excel rather than just the freedom to fend for themselves. Azerbaijan should consider increasing public funding for universities

(or incentivizing private funding) in tandem with autonomy reforms, enabling institutions to innovate and compete internationally.

South Korea's reforms balancing state guidance and university initiative: South Korea's higher education system presents a somewhat different, yet relevant, model. Korean universities, particularly private ones, have traditionally enjoyed operational autonomy but within a framework of strong government regulation and support. Over 80% of South Korean college students attend private universities, which means the government's role has often been to steer through funding and regulation rather than direct management. Since the 1990s, South Korea launched major higher education reform programs to improve quality and research. For example, in 1999 it introduced the **Brain Korea 21 (BK21)** program – a competitive funding initiative to boost graduate education and research at selected universities. This was complemented by later projects such as the World Class University (WCU) program, which provided grants to invite top foreign professors and establish cutting-edge research centers. These efforts indicate a policy of using funding incentives to drive university improvements. Indeed, as early as 1990 the Korean government started to subsidize private universities based on merit criteria to enhance quality (World Bank, 2018). In recent years, South Korea has emphasized *autonomy with accountability* in its policy discourse. The Ministry of Education's current strategy explicitly calls for shifting away from micro-management toward giving universities more adaptive capacity (Zgaga, 2013). One flagship initiative is the **RISE (Regional Innovation System & Education)** program launched in 2023–2024, which seeks to decentralize higher education governance by empowering local governments and universities. Under RISE, regions get more authority (and funding) to support universities in ways that align with local industry needs, rather than everything being directed from Seoul. This marks a move to reduce central control and encourage universities to become engines of regional innovation. At the same time, South Korea is tackling emerging challenges like demographic decline and technological change. The government has kept undergraduate tuition fees frozen for about 15 years to ensure affordability, but this has strained university finances as costs rise. Observers note that the prolonged tuition freeze led to significant financial difficulties for universities, to the point that some institutions have been forced to consider raising fees despite the freeze (Zgaga, 2013). This has sparked debate in Korea about how to sustainably fund higher education while maintaining access. On the innovation front, Korea is heavily investing in digital transformation of education. The Education Ministry set a goal to cultivate “one million digital talents” by 2026 and is easing regulations that hinder universities from launching new tech-oriented programs. It is fostering “leading digital universities” and expanding BK21 funding to nurture R&D manpower in fields like AI and data science. Korean universities, supported by excellent national IT infrastructure, are increasingly adopting e-learning, AI-

assisted teaching tools, and digital resources. The pandemic accelerated this trend, with many universities now blending online and offline instruction. **Adaptable lesson for Azerbaijan:** South Korea's experience offers a nuanced perspective: it shows the value of supporting universities financially and programmatically while also gradually expanding their autonomy. A key takeaway for Azerbaijan is the use of competitive government funding to catalyze improvements. Just as Korea's BK21 spurred research training, Azerbaijan could implement targeted grant programs for priorities such as STEM research or innovation commercialization at its universities. Moreover, Korea's handling of autonomy suggests that government should focus on strategic oversight (setting broad goals, ensuring quality and equity) rather than day-to-day control. Azerbaijan might emulate Korea's approach of granting more freedom in curriculum design, hiring, and industry partnerships, so universities can respond flexibly to economic needs. However, Korea's tuition freeze cautionary tale is relevant too: Azerbaijan should strive for a funding model that keeps higher education affordable without starving universities of resources. This might involve a mix of state funding, moderate tuition policies, and scholarships. Finally, Korea's push for digital talent development highlights an area where Azerbaijan can leapfrog – by integrating digital skills training in all academic programs and leveraging technology for teaching. If Azerbaijan eases outdated regulations and encourages universities to launch modern programs (e.g., in ICT, AI, e-governance) with a strong digital component, it can prepare graduates for the future economy. South Korea's balance of government direction and institutional initiative could guide Azerbaijan in refining its own balance as it reforms governance structures.

Georgia's post-Soviet higher education evolution: Georgia, as a regional neighbor with a shared Soviet legacy, provides an instructive comparison for Azerbaijan. Over the last two decades, Georgia implemented sweeping reforms to break from Soviet-era practices. A major change was the introduction of a transparent, merit-based admissions system: the Unified National Examinations (UNE), established in 2005, eliminated university-specific exams (and the corruption associated with them) in favor of a centralized testing system. This not only restored public trust in university admissions but also enabled a **voucher-based funding model**. Georgian public universities are primarily funded by state vouchers that follow the student – essentially, top-performing students on the UNE receive state grants that pay their tuition at the university of their choice (Streitwieser, 2022). Those with slightly lower scores might get partial grants. This creates competition among universities to attract good students and incentivizes them to improve quality to be chosen. The voucher amount is capped (e.g., 2250 GEL per year for a bachelor's student), and students can pay the difference or attend private universities with similar state support if they qualify. This financing approach is quite market-oriented and was considered radical in the region. In terms of **governance and**

autonomy, Georgia passed a new Law on Higher Education in 2004 (with subsequent amendments) that granted universities significant autonomy in academic, financial, and administrative matters. Public universities in Georgia are now legally distinct entities that can own property, manage their budget, set internal structures, and make academic decisions independently, within the limits of the law. According to Eurydice, Georgian universities have *high financial autonomy*, being allowed to generate revenue through research, consultancy, and other economic activities, and to manage those funds themselves. They can establish their own internal units and even enterprises to support their mission. However, this autonomy comes with accountability mechanisms: universities undergo regular audits and quality assurance reviews by the National Center for Educational Quality Enhancement (NCEQE) to ensure they meet standards. Also, the state maintains oversight through policy – for instance, the Ministry of Education and Science (MoES) is developing a new performance-based funding scheme to encourage institutions to meet certain performance indicators (Streitwieser, 2022). Another aspect of Georgian reform was optimizing the university landscape. In the mid-2000s, Georgia dramatically reduced the number of higher education institutions (merging or closing many low-quality private institutes), which helped concentrate resources and talent. Georgian universities have also embraced the Bologna Process, adopting the three-cycle degree system (bachelor’s, master’s, doctorate) and the European Credit Transfer System, making it easier for Georgian students to study abroad and for universities to attract international partnerships.

Adaptable lesson for Azerbaijan: Georgia’s experience is particularly relevant as it shows a neighboring country overcoming similar challenges of rigid centralized control and limited funding. For Azerbaijan, one lesson is the power of *systemic transparency* – implementing nationwide exams and common quality standards to level the playing field. Azerbaijan already uses centralized university entrance exams; continuing to refine and safeguard this meritocratic admissions process will ensure that increased autonomy doesn’t lead to backdoor admissions or nepotism. The Georgian voucher funding model might be worth studying for Azerbaijan, though it may not be directly applicable. It illustrates an alternative to lump-sum budgeting: tying money to students can drive competition. Azerbaijan could experiment with performance-based funding elements (for instance, partially funding universities based on number of graduates or research outputs) to stimulate improvements, much as Georgia is planning to link funding to performance goals (Streitwieser, 2022). Additionally, Georgia’s push for legal autonomy and financial self-reliance for universities resonates with Azerbaijan’s current reform. Georgian universities have been able to launch joint programs with foreign universities, seek international accreditation, and start entrepreneurial ventures, thanks to their flexible legal status. Azerbaijan’s new public legal entity universities could similarly pursue more entrepreneurial activities – for example, professional training courses, consultancy for industry,

or research commercialization – to supplement their budgets and increase their societal impact. The caveat from Georgia is that autonomy must come with capacity-building. Georgian institutions initially struggled with the newfound freedom due to limited management expertise; Azerbaijan can preempt this by training university leadership in financial management and strategic planning. Lastly, Georgia underscores the importance of continuous quality assurance: Azerbaijan should strengthen its quality assurance agency and perhaps involve international experts to regularly evaluate its universities, ensuring that greater autonomy indeed translates into better outcomes for students.

Kazakhstan’s reforms toward autonomous universities: Kazakhstan, the largest economy in Central Asia, has also pursued higher education reforms relevant to Azerbaijan’s aspirations. Initially inheriting a Soviet-style system, Kazakhstan has incrementally introduced western-inspired governance structures and sought greater autonomy for its universities. A notable development was the establishment of **Nazarbayev University (NU)** in 2010 – a new flagship research university in Astana designed from the ground up with complete academic autonomy, English as the medium of instruction, and governance by an independent Board of Trustees including international members. NU operates under a special law and is outside the direct control of the Ministry, serving as a testbed for modern practices (such as tenure-track faculty, partnership with top global universities, and fully merit-based admissions). Building on this model, Kazakhstan moved many of its other public universities to a new legal status: from being state institutions to becoming “**non-profit joint-stock companies**”. In practice, this corporatization means universities have their own governing boards and can make financial decisions like a company (though profits must be reinvested in education). However, in most cases the Ministry of Education remains the sole shareholder of these university companies, which limits the full extent of independence (oecd, 2020). A European University Association analysis noted that while the joint-stock status is a step in the right direction for autonomy, the fact that the state is the only shareholder means the government still has dominant influence – it recommended allowing more diverse stakeholders in governance to truly liberate universities. Kazakhstan has also retained some “national” universities under direct state control, but with honorary statuses, and a few private universities exist as well. In terms of funding, Kazakhstan employs a mix of state-funded places (grants) and tuition fees. Each year, the government awards a certain number of state grants for students in specific fields (with an emphasis on technical and pedagogical specialties) (fu-berlin, 2025). About 30% of Kazakhstani students receive these state scholarships which cover their tuition at designated universities, while the rest pay tuition fees (often using government-backed student loan programs or savings schemes like the Aqyl program). This is somewhat akin to Georgia’s voucher system, though in Kazakhstan the allocation of state-funded seats is centrally planned by field. To ensure quality,

Kazakhstan established several independent accreditation centers and requires universities to undergo accreditation – either by national agencies or internationally – to confer degrees, thereby introducing external checks. The country also invested in sending students and faculty abroad for training through the **Bolashak** international scholarship program, hoping to bring back global expertise to its universities. Another area of focus has been governance modernization: Kazakhstan set up Boards of Trustees in many universities and is trying to foster more collegial management. Digital innovation and internationalization are on the agenda too, as Kazakh universities aim to increase courses taught in English and partner with foreign institutions (recently, partnerships have led to branches of foreign universities opening in Kazakhstan). **Adaptable lesson for Azerbaijan:** Kazakhstan’s journey reflects the complexity of transitioning from state-controlled to autonomous institutions. For Azerbaijan, one clear lesson is to avoid half-measures in autonomy. If universities are given independent legal status, the governance structure should not simply re-create state control through different means. Kazakhstan’s experience suggests that if a Ministry retains too much control (e.g., by appointing all board members or holding all shares in the university company), true autonomy may not materialize. Azerbaijan can strive to ensure that its universities’ Boards of Trustees have representation not only from government, but also from industry, civil society, and academia, granting these boards real authority over institutional affairs. This diversity dilutes singular control and fosters a more balanced oversight – a direction Kazakhstan is advised to move toward (oecd, 2020). Additionally, Azerbaijan might take inspiration from Kazakhstan’s moves to allow universities more flexibility in managing finances (such as keeping surpluses, owning property, and creating endowments). As Azerbaijani universities become public legal entities, clarifying their property rights and ability to raise and retain funds will be important. Kazakhstan’s establishment of a world-class institution like Nazarbayev University also shows the value of having a few “exemplars” to lead change. Azerbaijan could similarly elevate certain universities (perhaps the leading public universities in Baku or a new flagship institution) with greater freedom and extra resources, expecting them to drive innovation that eventually diffuses to the rest of the system. Finally, Kazakhstan underscores that increased autonomy should be accompanied by capacity building – training university administrators in corporate-style governance, financial planning, and international standards. Investing in leadership development (possibly through partnerships or executive education abroad) for Azerbaijani rectors and vice-rectors can help them effectively use the new autonomy model.

Summary of comparative insights: Despite diverse contexts, these international examples share common themes. University autonomy – whether achieved via legal reforms (Estonia, Georgia, Kazakhstan), constitutional guarantees (Germany), or corporatization (Singapore, Kazakhstan) – is seen as a means to make higher education more responsive,

efficient, and innovative. However, autonomy comes in degrees and must be balanced with accountability. Countries that successfully leveraged autonomy also put in place checks like performance monitoring (Germany, Estonia), external quality assurance (Georgia, Kazakhstan), or continued state guidance on broad strategy (Singapore, Korea). Funding is another critical factor: autonomy often coincided with new funding models, from Estonia's performance-based grants to Georgia's student-centered funding and Korea's competitive project grants. Many of these countries also increased investments in higher education during reform periods, understanding that universities need resources to fulfill their expanded responsibilities. Internationalization and digital advancement emerge as important priorities across the board – whether it's Singapore racing up global rankings, Korea pushing digital talent development, or Estonia building a digitally fluent society. For Azerbaijan, these cases confirm that granting universities more freedom can unlock positive changes, but the reform design must be holistic. Clear laws and governance structures should define the new autonomy; financial mechanisms should encourage good performance and ensure sustainability; and parallel initiatives (quality assurance, leadership training, stakeholder engagement) are necessary to support the cultural shift. Above all, international best practices suggest that Azerbaijan should tailor these lessons to its own realities – considering its economic resources, administrative capacity, and social needs – to create a roadmap for higher education that is both ambitious and achievable.

4.2. Key findings and recommendations

Drawing on the analysis of previous chapters and the global models reviewed above, this section distills the key findings and provides evidence-based recommendations for advancing higher education in Azerbaijan. The recommendations target both policy-level actions (for government and system regulators) and institutional actions (for universities and their leadership), organized around the core issues that have emerged: governance structures, the outcomes of the public legal entity transformation, institutional autonomy, financial management, strategic planning and legal frameworks, academic quality assurance, and stakeholder engagement. The overarching message is that Azerbaijan's recent reforms have set a foundation for progress – universities now have more legal freedom than before – but realizing the potential of these changes will require further reforms and sustained commitment. Each recommendation below is tailored to Azerbaijan's context, emphasizing practical steps and their expected impact on the system.

Strengthen governance and institutional autonomy with accountability

Key finding: The transformation of universities into public legal entities (PLEs) in Azerbaijan has created new governance bodies (Boards of Trustees or supervisory boards) intended to increase autonomy and strategic decision-making. However, initial evidence suggests that the effectiveness of these bodies is not yet optimal – for instance, information about board membership and activities is not transparently available in many universities, and it's unclear how independent or empowered these boards truly are. Additionally, Azerbaijani universities have a legacy of centralized management, meaning institutional leaders may be hesitant to fully exercise their autonomy. A critical finding is that *autonomy is a means, not an end*: simply changing legal status does not automatically improve performance; it matters what universities do with their autonomy. Strong internal governance and management cultures are required to capitalize on the new freedoms.

Recommendation (Policy level): Ensure that the governance structures introduced (university boards/councils) are composed and functioning in line with best practices. This means the government should refine regulations to guarantee that Boards of Trustees include **competent and diverse stakeholders** – e.g. experienced professionals from different industries, local community representatives, international experts, alumni, and government liaisons – rather than being populated solely by officials or academic insiders. A diverse board will bring fresh perspectives and expertise to oversee universities. The Ministry of Education (and other relevant bodies) should also publish clear criteria or guidelines for board member selection (focusing on qualifications and avoiding conflicts of interest) and consider term limits to refresh membership. Moreover, **transparency** of governance should be enforced: universities must publicly disclose their board members, board meeting decisions, and major strategic plans. This will build trust in university governance. International experience (e.g., Finland and Portugal) shows that training and orientation for new board members is vital. Thus, at a policy level, Azerbaijan can establish a program to train trustees in higher education governance, finance, and strategy. An initial workshop or series of seminars could be provided to all newly appointed board members to clarify their roles and powers. By professionalizing board governance, Azerbaijan will lay the groundwork for more autonomous yet accountable universities. Additionally, the government should *respect and protect the autonomy* that has been granted. In practical terms, ministries should refrain from over-involving themselves in day-to-day decisions of universities (such as hiring faculty, approving minor academic changes, etc.). Instead, the state can shift to an *oversight by objectives* model: set clear performance expectations for universities (through strategic plans or performance contracts) and hold them accountable to results, rather than micromanaging inputs. This echoes the German approach of self-governance under constitutional autonomy (Sporn, 2003). A legal amendment or

government resolution could formalize the delegation of certain authorities to universities (for example, allowing universities to open new programs or research centers without prior ministry approval, as long as they meet quality criteria). Empowering universities in this way encourages initiative while preserving accountability via agreed targets.

Recommendation (Institutional level): University leadership in Azerbaijan needs to actively embrace the autonomy now available. Each university should **strengthen its internal governance** by clarifying the roles of its Board of Trustees versus the rectorate (executive) and the academic senate. For instance, the Board should focus on long-term strategy, financial oversight, and ensuring the university meets its mission, whereas the academic senate should focus on academic quality (curriculum, research standards) – this delineation mirrors the Estonian model where a council handles development and a senate handles academics (Shattock, 2014). Rectors should facilitate regular communication between these bodies and foster a culture of shared governance. It may be beneficial for universities to adopt or update their own charters/bylaws to codify governance practices under the new PLE status. Universities should also invest in **leadership development** for their management teams. This could involve training in strategic planning, change management, and financial management for rectors, vice-rectors, and department heads. With greater freedom comes the need for greater managerial capacity – a point proven by Japan’s experience where some university presidents initially struggled to use their autonomy fully. Azerbaijani universities might seek partnerships or twinning programs with more autonomous universities abroad to learn best practices in governance. On a day-to-day level, institutional leaders should begin exercising their decision-making powers in a responsible way: for example, streamlining internal processes. If previously every procurement or academic program change required ministerial consent, now the university can create its own efficient approval processes. Early successes in using autonomy (like quicker procurement of lab equipment or launching a joint program with a foreign university) will build confidence internally and externally. Finally, universities must institute internal accountability mechanisms – e.g., an internal audit office reporting to the Board, and periodic reviews of faculties and departments – to ensure that autonomy does not lead to complacency. In summary, institutional governance in Azerbaijan should evolve to be more proactive and self-regulating, with university Boards and administrations taking charge of their institutions’ futures in a transparent, inclusive manner.

Ensure financial sustainability while expanding funding freedom

Key finding: Financial management emerged as both a key driver and challenge in the autonomy reforms. By becoming public legal entities, Azerbaijani universities are expected to gain more financial flexibility – for instance, they may keep and carry over their revenues, set their budget allocations, and engage in income-generating activities. Indeed, early signs show

universities have started diversifying funding (creating research centers that attract grants, offering new fee-based programs, etc.)ile-ltyh1scnsr4cftaw6ctamu. However, concerns were noted that if state funding does not keep pace, universities might use their autonomy merely to cope with budget cuts, potentially leading to negative behaviors like over-enrolling students without improving quality. Comparatively, countries like Finland matched autonomy with strong baseline funding and even endowment matching programs, whereas countries that underfund universities risk undermining the reform. In Azerbaijan, public expenditure on higher education has historically been modest, and universities relied heavily on tuition from students. A critical finding is that financial autonomy must be coupled with financial *sustainability*. Additionally, complex issues like faculty salaries, tuition policies, and scholarship programs need clear guidance in the new autonomous context to avoid inequality or mission drift.

Recommendation (Policy level): The government should adopt a **funding strategy that balances autonomy with support**. In practical terms, the Ministry of Education and Ministry of Finance should guarantee a stable block grant or subsidy to public universities for a multi-year period, protecting them from sudden budget fluctuations. This block grant could be based on enrollment size and adjusted for fields of study (reflecting cost differences), and a portion of it can be performance-based to reward outcomes (grad rates, research output, etc.). The key is to provide enough funding so that autonomy is used for innovation rather than mere survival. As suggested by international cases, introducing **performance-based funding** needs careful design – only a reasonable share of funding should depend on performance to avoid excessive volatility (Streitwieser, 2022). The government might start by tying, say, 10-15% of the university budget to certain indicators (number of graduates, employment of alumni, research grants earned) once reliable data systems are in place. Additionally, the state can explore **matching grant programs** to encourage private funding: for example, for every manat a university raises from industry or donors for research, the government could match a percentage of it. Finland did something similar to build university endowments and succeeded in drawing significant private donations. This not only injects funds but incentivizes universities to engage with philanthropy and industry. Another policy measure is granting universities greater freedom to set tuition fees for certain categories (like foreign students or executive education programs) while capping or regulating tuition for domestic undergraduates to ensure affordability. Azerbaijan could maintain relatively low or no tuition for bachelor’s programs in public universities (perhaps funded by continued state subsidies or a student grant system akin to Georgia’s) and allow universities to charge for continuing education, part-time programs, or new professional master’s programs, using those revenues to cross-subsidize core academic needs. Crucially, alongside autonomy in generating revenue, the government must strengthen

financial oversight. Regular financial audits by an independent body (e.g., the Chamber of Accounts or a specialized auditor) should be mandated, and universities should be required to publish annual financial statements. This aligns with practices in Georgia and others where autonomy came with audit requirements (Streitwieser, 2022). By having transparent accounts, the public can be assured that additional revenue freedom is not leading to misuse of funds. In summary, at the policy level, Azerbaijan should commit to funding higher education as a public good – increasing investment gradually towards international benchmarks – while giving universities both the responsibility and incentives to diversify their income.

Recommendation (Institutional level): Universities must exercise newly gained financial powers judiciously and strategically. Each university should develop a **financial plan** that looks at diversifying revenue streams over the next 3-5 years. For example, a university might aim to increase research grant income by establishing a grant support office, or increase income from international students by marketing a few English-taught programs. Universities can also consider establishing endowment funds or partnership programs with industries (such as contract research or professional training courses for companies) as new income avenues. Importantly, universities should ensure that any commercial activities align with their academic mission – they should not, for instance, dilute academic standards to admit more paying students. The balance between revenue and quality needs constant monitoring by the university’s leadership and board. Internally, greater financial autonomy allows for more efficient resource allocation. Universities can implement **global budgeting**, where faculties and departments are given block allocations and can decide how best to spend them, rather than relying on line-item controls from the center. This encourages units to plan and prioritize. However, universities should also adopt modern financial management practices: robust budgeting processes, financial information systems, and internal audit mechanisms. Training for financial staff and budget holders will help in this transition. The institutions should set up a risk management framework to oversee new financial ventures (for example, if a university starts a subsidiary enterprise like a consulting arm or an online education platform, the risks and returns should be evaluated by the board). Another recommendation is to maintain (or create) **student financial aid programs** at the university level to ensure access. If tuition fees or other charges are introduced or raised in some programs, the university should allocate a portion of the revenue to scholarships or tuition waivers for talented low-income students. This echoes the social responsibility universities have, and prevents autonomy from exacerbating inequality. As noted earlier, Azerbaijan’s state funding must cover unprofitable but socially critical fields; at the institutional level, this means universities, even as they pursue income, should uphold their duty to fields like pure sciences or education which may not bring immediate revenue. University leadership, with oversight from boards, should periodically

review whether financial decisions are serving the long-term academic health of the institution. In sum, financial autonomy gives Azerbaijani universities powerful tools – it is imperative they build capacity to use these tools effectively, balancing entrepreneurial actions with stewardship of academic values and public trust.

Refine legal and strategic frameworks to support reform

Key finding: The legal environment in which universities operate determines how smoothly autonomy reforms function. Azerbaijan’s PLE reform was enabled by the 2015 Law on Public Legal Entities and subsequent decrees applying that law to universities. This created a dual identity for universities: they are no longer subordinate budgetary organizations, but they remain state-owned entities serving a public function. Previous chapters likely identified certain ambiguities or gaps in the legal framework – for instance, potential conflicts between the new status and existing laws/regulations on public procurement, civil service, property ownership, etc. The comparative analysis highlighted that countries like Finland and Japan backed their university autonomy reforms with comprehensive legal changes that addressed such cross-cutting issues. In Azerbaijan, there may be lingering regulations that constrain universities (like norms treating university staff as civil servants or limiting how universities can use buildings and land). Additionally, the strategic planning capacity in universities is at a nascent stage. Many universities may not yet have experience formulating long-term strategies or adapting quickly to a new legal context. A key finding is that aligning **laws, bylaws, and institutional statutes** with the new autonomy is crucial, as is enhancing the ability of universities and authorities to implement these laws effectively (legal capacity building).

Recommendation (Policy level): Conduct a thorough **legal audit and reform update** for the higher education sector. The government, possibly through a working group combining the Ministry of Education, Ministry of Justice, and university legal experts, should review all relevant legislation – the Law on Education, regulations on public property, financial regulations, labor laws as they apply to universities, etc. – to identify provisions that conflict with or impede the PLE model. Subsequently, propose amendments to remove contradictions and explicitly empower universities in key areas. For example, if the Law on Education still assumes universities are under direct ministry control in certain aspects, it should be revised to reflect institutional autonomy and the role of Boards. If state procurement rules make it cumbersome for universities to quickly purchase research equipment or services, consider raising the thresholds for universities or giving them a special status to manage procurement more independently (with oversight to prevent misuse). Likewise, human resource regulations might need updating – universities should be able to implement their own hiring and promotion policies for faculty and staff, which might require exempting them from some civil service

constraints. Ensuring **legal coherence** will prevent bureaucratic hang-ups that could stall the reforms. On the strategic side, the Ministry should guide universities in developing strategic plans aligned with national priorities. A *national higher education strategy* or roadmap, consistent with Azerbaijan’s development plans (like Azerbaijan 2030 strategy), would provide a common vision. Within that, each university could be asked to prepare a 5-year strategic development plan, articulating its mission, niche, and goals (such as improving certain performance indicators, launching new programs, establishing international partnerships, etc.). The government can support this by issuing a template or guidelines for strategic planning and perhaps funding technical assistance (experts or consultants) to work with universities on their plans. Importantly, these strategies should not be shelved documents – they could form the basis of performance agreements between the Ministry and each university, as practiced in some European systems (Streitwieser, 2022). Another policy-level recommendation is **legal capacity building**: train ministry officials, newly formed board members, and university legal offices on the implications of the new laws. Workshops on topics like “University as Public Legal Entity – what it means for contracts, partnerships, and liabilities” can iron out misunderstandings. Often, after reforms, old habits persist simply because people are unsure how to navigate the new rules. By clarifying do’s and don’ts under the law, the government can encourage universities to fully utilize their autonomy within legal bounds. Additionally, the Ministry of Education could establish a helpdesk or liaison office to assist universities in legal and regulatory questions during the transition. This approach ensures that when universities push the envelope (for example, trying to start a startup company or a joint institute with a foreign university), they have guidance to do so lawfully rather than being deterred by uncertainty. In essence, policy-makers must continuously refine the legislative and strategic framework so that it *enables* and accelerates the reform rather than inadvertently hindering it.

Recommendation (Institutional level): Universities should actively participate in shaping and adhering to the new legal and strategic framework. Institutionally, a top priority is to **update university charters/statutes** to fully reflect their autonomy and governance changes. The charter is the internal law of the university; it should detail the powers of the Board of Trustees, the Rector, academic senate, etc., in harmony with national law. Many Azerbaijani universities likely have charters dating back to a time of tighter state control, so revising these documents (with legal counsel) will institutionalize the reforms at the ground level. Universities should also invest in their own **legal expertise**. This may mean strengthening the legal department with training or additional hires who are knowledgeable about public legal entity operations, intellectual property, and international agreements. As universities engage in more partnerships and contracts, having strong legal support in-house will be crucial to protect their interests. From a strategic standpoint, each university needs to articulate its identity and plan.

University leadership, including the Board and academic leaders, should undertake inclusive strategic planning – engaging faculty, students, and external stakeholders in discussing the university’s direction. This not only produces a more robust plan but also gets buy-in from the community. For example, if a university aims to become a leader in IT and digital education in Azerbaijan, its strategy might include goals like developing several new IT programs, partnering with a tech company for a laboratory, and training faculty in the latest digital pedagogy. Setting such goals gives the university a clear focus. Implementation of the strategic plan should then be monitored annually, and the plan adjusted as needed (strategic agility is important in a fast-changing environment). Institutions should also align their internal policies (academic rules, HR policies, financial rules) with both the new national laws and their own strategy. If the law now allows more flexibility in hiring international faculty, the university should craft policies to recruit abroad. If financial rules are loosened, the university might create an internal grant scheme to support innovative projects by its faculty, signaling a new proactive approach. Another recommendation is that universities actively communicate their needs and experiences back to policy-makers – through the Rectors’ Conference or similar forums – to inform ongoing legal refinement. For instance, if multiple universities find a particular regulation problematic, they can collectively propose a solution. In short, at the institutional level, embracing the legal reforms means internalizing them in governance documents, building capacity to operate under them, and planning strategically to take advantage of new opportunities that the autonomy provides.

Foster quality assurance, monitoring, and stakeholder engagement for continuous improvement

Key finding: Achieving higher education development is not just about granting freedom; it also requires ensuring quality and relevance of education and research. Previous chapters likely highlighted issues such as variability in academic quality among institutions, the need for curriculum modernization, and perhaps gaps in graduate employability or research output. The autonomy reform, if not accompanied by strong quality assurance, could risk some universities lagging behind or misusing their freedom. International comparisons underscore the need for “robust evaluation systems” and a culture of accountability when autonomy increases. Moreover, the involvement of stakeholders (students, employers, broader society) in holding universities accountable is crucial. In Azerbaijan, quality assurance mechanisms exist (e.g., accreditation processes), but they may need strengthening and adaptation to the new context. Also, stakeholder engagement in governance and feedback has been limited historically. A key finding is that **monitoring and evaluation** must be embedded in the

reformed system to ensure improvements actually occur, and that universities should actively engage stakeholders to align with societal needs.

Recommendation (Policy level): Enhance the national **quality assurance framework** to align with autonomous governance. This could involve overhauling the accreditation process to focus more on outcomes and less on input controls. For example, rather than prescribing rigid staff-to-student ratios or facility sizes, accreditation (whether done by a national agency or authorized independent agencies) can pay more attention to student learning outcomes, research performance, and internal quality processes of the university. The Ministry of Education might establish a requirement that every public legal entity university undergo an external quality audit or accreditation review, say, every 5 years (if not already mandated). In doing so, ensure that the accreditation body is sufficiently independent and has international expertise – Azerbaijan might invite foreign experts to join review panels to benchmark institutions against global standards. Furthermore, the government should implement a system of **annual reporting and monitoring** for universities under the new model. Key performance indicators (KPIs) should be defined (in consultation with universities) – such as enrollment and graduation numbers, program accreditation status, graduate employment rates, research publications and patents, financial health indicators, etc. Each university can be required to submit an annual report with these data, which the Ministry compiles and analyzes. A summary could even be made public in an accessible format to show transparency and allow comparison, similar to a university “report card.” The goal is not to name-and-shame but to identify where additional support or intervention is needed. If a university is consistently struggling (e.g., declining enrollment or poor graduate outcomes), the Ministry in cooperation with the Board may consider a targeted intervention – perhaps capacity building or leadership changes. Conversely, successful innovations by any university should be highlighted and shared as best practices system-wide. On the stakeholder front, the government can institutionalize **stakeholder input channels**. One approach is establishing a National Higher Education Advisory Council that includes representatives of employers (business associations), student unions, and perhaps civil society, to provide feedback on higher education policy and the performance of the sector. This council could review the annual sector performance and advise the Ministry and universities on aligning educational offerings with labor market and societal needs. Additionally, policies should encourage universities to involve stakeholders locally. For instance, requiring that some proportion of university board members come from outside the academic sector (as already recommended) is one way. Another is mandating regular graduate tracer studies and employer surveys that feed into accreditation or monitoring. Many countries tie employer and student satisfaction surveys into quality assessments (Sporn, 2003), and Azerbaijan could adapt this by having a standardized survey tool that each university uses. By reinforcing quality assurance

and stakeholder engagement at the policy level, Azerbaijan will create an environment where autonomy leads to *better* outcomes, not variable ones.

Recommendation (Institutional level): Azerbaijani universities themselves must champion quality and openness. Each university should strengthen its **internal quality assurance (QA) systems**. This includes having active quality assurance units or centers on campus that coordinate activities like program self-evaluations, peer reviews of teaching, student course evaluations, and improvement plans. Universities should develop mechanisms for **student feedback** on courses and general university services, and – crucially – show that they act on this feedback. For example, if students consistently point out that a certain program lacks practical training, the university can respond by updating the curriculum or increasing internships, and communicate that back to the student body. Embracing a culture of continuous improvement will elevate academic standards. Faculty should be engaged in QA as well, perhaps through departmental quality committees that review outcomes like exam results, thesis quality, and propose enhancements (similar to how some European universities implement annual program reports). Universities can also initiate **peer learning and benchmarking**: comparing notes with other local universities or partnering with a foreign university for periodic reviews can provide new ideas for quality enhancement. Stakeholder engagement at the university level means more than just having external members on the board. Universities should create avenues for regular dialogue with employers and alumni about curriculum relevance and skill needs. Many institutions find it useful to establish Program Advisory Boards for each major field of study, comprising industry professionals and alumni who meet annually to review the curriculum and suggest updates. Azerbaijani universities can implement this to ensure what they teach aligns with current professional practice. Additionally, **community engagement** should be part of a university's mission. This could mean public lectures, collaborations with local schools, or extension programs that address community issues – all of which raise a university's profile and accountability to the society that funds it. To keep quality at the forefront, universities should set specific targets: for instance, aim to have all programs accredited to international standards (perhaps seeking accreditation from agencies like ABET for engineering or AACSB for business, where feasible) or target improvement in research outputs by a certain percentage. The leadership should monitor progress on these targets quarterly or annually. In terms of transparency, universities should publish key information such as graduate employment rates and research achievements on their websites. This not only informs stakeholders but also puts constructive pressure on the institution to perform well. Finally, internalizing the idea that **autonomy comes with responsibility** will motivate universities to police themselves. As one comparative insight noted, autonomy heightens the need for rigorous self-evaluation so that educational quality is maintained. If each university

adopts the mindset that it must earn the public's trust through results – showing, for example, that its graduates are well-prepared and its research is benefiting the nation – then autonomy will have served its purpose. Therefore, universities should embed accountability into their ethos, celebrating successes but also candidly identifying shortcomings and addressing them through concrete action plans.

Conclusion of recommendations

In conclusion, the future development of Azerbaijan's higher education hinges on a careful balance: granting universities the freedom to innovate and excel, while ensuring they remain aligned with national goals and accountable to society. The comparative experiences of other countries underscore that university autonomy, when implemented with supportive policies and vigilant oversight, can lead to more efficient, responsive, and high-quality education systems. Azerbaijan has already taken the bold step of transforming its universities into public legal entities, marking a historic shift from the old model of state control. This reform has begun to unlock new possibilities – quicker decision-making, new partnerships (such as dual degree programs already initiated by some universities), and more strategic initiative at the campus level. The recommendations provided here are aimed at consolidating and accelerating these positive changes. By strengthening governance structures and building a culture of robust internal management, universities will be better equipped to use their autonomy effectively. By securing sustainable funding and granting financial flexibility, institutions can pursue innovation without jeopardizing their core mission. By refining laws and strategic frameworks, the state can remove any residual barriers and guide the system towards common objectives. And by enforcing quality assurance and engaging stakeholders, both the government and universities can ensure that the reforms lead to tangible improvements in educational quality, research output, and graduate outcomes. These recommendations are actionable: for instance, developing performance-based funding models, training board members, updating legal statutes, conducting regular evaluations – all are steps that Azerbaijan can initiate in the short to medium term, drawing on both local insights and international expertise.

The expected impact of implementing these recommendations is significant. In the coming years, Azerbaijani universities could become more entrepreneurial and internationally connected, contributing fresh research and innovation to the economy. Students would benefit from a more dynamic learning environment – curricula updated with input from industry, more opportunities for internships and exchanges, and faculty who are empowered to adopt modern teaching methods. Over time, we can anticipate improvements in global rankings or international recognition for at least the top institutions in Azerbaijan, as governance and funding reforms translate into academic excellence. Equally important, the system would

become more resilient and adaptable: with decentralized decision-making, universities can respond quickly to new challenges, be it a change in labor market demand or the need to shift to online learning (as the COVID-19 pandemic taught us). The role of the government would evolve into that of a facilitator and regulator of last resort, rather than a micro-manager – focusing on setting visions, ensuring equity (so that all segments of society have access to quality higher education), and intervening only when necessary based on evidence from monitoring.

Ultimately, the development of higher education is a continuous journey. The policies and practices recommended must be monitored and refined as implementation proceeds. Azerbaijan should remain open to learning – both from the outcomes within its own system and from the evolving global landscape of higher education. By doing so, it can maintain the momentum of reform and address any emerging issues proactively. The inclusive involvement of stakeholders – faculty who drive academic programs, students who are the beneficiaries, employers who hire graduates, and government bodies who invest public funds – will be essential in this journey. Each has a voice in defining what a “high-quality higher education” means in the Azerbaijani context and how to achieve it. The reforms to date have given everyone a platform for more meaningful engagement.

In summary, Azerbaijan stands at a pivotal point where the decisions and actions in the next few years will shape its higher education for decades to come. The future perspective is one of optimism: with the right mix of policies and institutional commitment, Azerbaijani universities can evolve into autonomous, well-governed centers of learning and innovation, comparable to those in advanced education systems. The policy recommendations provided here chart a course toward that future – one where higher education fulfills its role as a key driver of Azerbaijan’s socio-economic development and cultural advancement, while upholding the public trust through accountability and excellence. By implementing these evidence-based, context-aware recommendations, Azerbaijan can ensure that its bold reforms yield the desired dividends for students, academia, and society at large, securing a vibrant future for higher education in the country.

CONCLUSION

The legal transformation of higher education institutions into public legal entities in Azerbaijan has marked a turning point in the governance and management of the country's university system. By shifting from centralized control to a semi-autonomous model, universities have gained more legal clarity, operational flexibility, and the ability to make strategic decisions internally. The case studies, survey results, and stakeholder interviews presented in this study show that these changes have led to improvements in financial transparency, international cooperation, and internal coordination. However, the reforms also brought challenges, including legal ambiguities, variable board effectiveness, uneven funding models, and limited stakeholder involvement in governance.

The survey results reveal a cautiously optimistic picture. While financial management and autonomy have improved, many institutions still rely on ministry guidance for strategic decisions. Academic freedom exists in theory, but curricular and staffing independence remain constrained by broader regulatory frameworks. The regression analysis showed strong links between transparency, stakeholder involvement, and institutional confidence in long-term development. These findings underscore that institutional culture, leadership capacity, and legal support systems are just as important as formal legal status when it comes to the success of reforms.

Stakeholders agree that the PLE transformation has helped establish a more competitive and responsive higher education environment. Universities have started to take initiative in research, partnerships, and program development, especially those with active boards or dynamic leadership. Yet, institutional autonomy cannot function effectively without adequate funding, qualified human capital, and clear accountability frameworks. Many universities are still adapting, and the reforms are not uniformly implemented across the sector. As some institutions begin to innovate and grow, others risk being left behind if capacity gaps are not addressed. The comparison with international models from Estonia, Germany, Singapore, South Korea, Georgia, and Kazakhstan provides insight into how other systems have successfully balanced autonomy with accountability. These countries emphasize professional governance structures, performance-based funding, legal clarity, strategic planning, and quality assurance – all areas where Azerbaijan can continue developing its system. For Azerbaijani universities to fully benefit from autonomy, they need better integration of external stakeholders, stronger internal governance culture, and the legal tools to manage their new responsibilities.

In conclusion, the public legal entity model has created the structural conditions for modern university governance in Azerbaijan. However, to realize its full potential, universities must not only be legally autonomous but also effectively governed, adequately resourced, and strategically managed. The next phase of reform should focus on enabling institutions to use their autonomy meaningfully – by supporting internal capacity, updating regulations, and ensuring alignment with national development goals. If implemented carefully, this transformation has the potential to significantly strengthen the quality and impact of higher education in Azerbaijan.

Thus, the following recommendations are proposed:

- ensure that university boards of trustees are truly independent, representative, and empowered to make strategic decisions;
- legally clarify the scope of university autonomy through updated charters and coherent national laws;
- provide multi-year block grants with performance-based components to balance funding stability and accountability;
- expand financial literacy and management training for university leaders and finance departments;
- establish internal audit and monitoring units in every university under PLE status;
- strengthen internal quality assurance centers and require regular reporting on academic performance;
- introduce stakeholder advisory boards at the program or faculty level, involving students, alumni, and employers;
- create a national framework for strategic planning and support universities in developing 5-year institutional strategies;
- implement a phased plan to give universities more control over curricula, staffing, and budgeting;
- fund pilot projects in selected universities to develop new interdisciplinary programs and digital learning models;
- develop a central helpdesk at the Ministry of Education to assist universities in navigating the legal aspects of PLE status;
- update accreditation standards to reflect autonomy and focus more on learning outcomes and graduate impact;
- support research and innovation units within universities through matching grants or tax incentives;
- involve international experts in the design and evaluation of future higher education reforms;

- encourage universities to establish endowment funds and long-term partnerships with industry for financial resilience;
- promote transparency by requiring public disclosure of annual reports, financial statements, and strategic plans.

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