Tribhuvan University Journal
Tribhuvan University • Kirtipur, Kathmandu, Nepal • ISSN 2091-0916 • Estd. 1964
Vol. 41, No. 1 | pp. 73–90
Year: 2026

Original Research Article
DOI:10.3126/tuj.v41i1.93269

Institutional Autonomy and Strategic Management in Higher Educational Institutions: Evidence from Nepal

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Article History
Received: 22 April, 2026 Revised: 17 June, 2026
Accepted: 25 June, 2026 Published: 30 June, 2026

Scan to access

How to Cite:
Acharya, K. P. (2026). Institutional autonomy and strategic management in higher educational institutions: Evidence from Nepal. *Tribhuvan University Journal*, *41*(1), 73–90.
https://doi.org/10.3126/tuj.v41i1.93269

Keywords
Academic freedom, Accountability, Governance, Government interference, Institutional performance

ABSTRACT

HEIs play a significant role in economic development and societal transformation, and their effectiveness is closely linked to the extent of academic freedom and institutional autonomy. This study examines the level of academic freedom and autonomy in Nepali HEIs and assesses their influence on strategic formulation, implementation, monitoring, evaluation and control. Data were collected through key informant interviews with HEI officials and a survey of 203 campus chiefs, academic leaders and faculty members. The findings reveal that Nepali universities exercise substantial academic freedom and enjoy considerable autonomy in human resources and organizational domains alongside moderate financial autonomy. However, decision-making authority remains highly centralized at the university's central office, constraining the operational effectiveness of teaching, learning, research, and extension services to the community. While HEIs demonstrate engagement in strategic planning, they face challenges in articulating clear strategic directions, identifying and evaluating strategic options, executing plans effectively, and conducting monitoring and evaluation. These limitations are further compounded by weak internal governance mechanisms, leadership constraints, limited stakeholder participation, political interference, and inadequate institutional ownership. This study recommends strengthening academic freedom and institutional autonomy with robust accountability mechanisms to enhance responsiveness and innovation. This further emphasizes the need to improve internal governance structures, leadership capacity, participatory practices, and institutional ownership to advance strategic management practices and enhance the quality of teaching, research, and extension services. Overall, this study underscores the critical role of academic freedom and institutional autonomy in enabling HEIs to navigate an increasingly complex and rapidly changing higher-education landscape.

Introduction

Higher education is not only a key driver of economic transformation but also a foundation of modern society (Dee, 2006; World Bank, 2015). Globally, diverse governance and management modalities, shaped by political philosophy, long-rooted culture, and emerging challenges, have been employed to organize higher education at the systemic and institutional levels. The central argument of this paper is that enhancing institutional autonomy is essential for improving the effectiveness, responsiveness, and competitiveness of HEIs. Traditionally, public-sector management has dominated the governance of higher education in many countries, but such classical approaches have been widely criticized for inefficiency and an inability to respond to evolving market and societal demands (Hood, 1991). Consequently, New Public Management (NPM) emerged as a reform model compelling HEIs to adopt more efficient and competitive practices to enhance the quality of service and delivery. The NPM model reframes the relationship between the state and HEIs, from a tightly controlled state-agency model to a state-supervision model, emphasizing institutional autonomy, accountability, and, in many cases, privatization.

HEIs need autonomy to nimbly address environmental challenges (Fielden, 2008; OECD, 2007). HEIs are complex organizations, and the management of complex academic communities cannot be effectively performed by remote civil servants (Raman et al., 2024). This task should be left to the institution's discretion. It is essential to grant them autonomy, enable them to fully realize their potential, and cultivate a culture of innovation and initiative (World Bank, 2015).

Autonomy is an important element of the governance environment of HEIs (UNESCO, 1997). According to the OECD (2007), to operate and compete in a market economy, HEIs must have sufficient autonomy to take initiative. Esmat (2024), referring to UNESCO (1997), argues that autonomy is the institutional form of academic freedom and a necessary precondition for the proper fulfilment of the functions entrusted to higher-education teaching personnel and institutions.

Agency theory and resource dependency provide a useful theoretical foundation for examining the relationship between institutional autonomy and strategic management in higher education. Agency theory suggests that granting greater decision-making authority to institutional leaders can enhance organizational effectiveness and strategic responsiveness, provided that appropriate accountability and governance mechanisms are in place to align managerial actions with institutional objectives (Jensen & Meckling, 1976). In contrast, resource dependency theory argues that organizations are constrained by their dependence on external stakeholders for critical resources such as funding, legitimacy, and policy support (Pfeffer & Salancik, 1978). From this perspective, HEIs' ability to control and diversify their resource bases is closely linked to the level of autonomy they exercise. Together, these theories suggest that institutional autonomy influences strategic management by shaping decision-making authority, governance structures, and resource availability, which in turn affect strategy formulation, implementation, monitoring, and control.

Drawing on agency and resource dependency theories, this research aims to assess the degree of autonomy exercised by HEIs in Nepal. It also aims to examine how institutional autonomy influences key managerial processes, including strategic planning, strategy formulation, implementation, monitoring and control. The study further explores the implications of autonomy for institutional decision-making, governance effectiveness, and overall institutional performance in the higher education sector.

Literature Review

Autonomy: From Concept to Context

University and HEI autonomy can be understood as the freedom and authority that universities and HEIs enjoy to fulfill their roles and contribute to societal development within the framework provided by public authorities (Varghese & Malik, 2025). Sancheti and Pillai (2020) and Vlasova (2019) noted that, according to UNESCO, autonomy is "a degree of self-governance necessary for effective decision-making by institutes of higher education regarding their academic work standards, management, and related activities". According to Pandey (2004), it is the privilege and capacity of an institution to act on its own choices in pursuit of its mission and goals. Institutional autonomy involves institutions having a significant degree of freedom to steer themselves toward achieving their goals and objectives. Institutional autonomy is widely considered an important prerequisite for modern universities to develop institutional profiles and fulfill their missions (Pruvot & Estermann, 2017). Granting autonomy to HEIs recognizes that their management needs are different and allows them to fully exercise academic freedom (Fielden, 2008).

Institutional autonomy refers to an institution's freedom to manage its affairs without direct control or influence from the government (Pruvot & Estermann, 2017). Berdahl (1990a) defined academic autonomy in terms of academic, substantive, and procedural autonomy. According to Berdahl (1990a), academic freedom is the freedom of the individual scholar to teach and conduct research, pursuing the truth wherever it leads, without fear of punishment or termination of employment for offending political, religious, or social orthodoxy. Specifically, it is the freedom to conduct research, teach, speak, and publish, subject to the norms and standards of scholarly inquiry, without interference or penalty, wherever the search for truth and understanding may lead (Global Colloquium of University Presidents, 2005). Ashby (1966) describes academic freedom as an internationally recognized and unambiguous privilege of university teachers that must be protected whenever and however it is challenged. The Global Colloquium of University Presidents (2005), cited in the Report of the review of Scottish Government (2012), states:

The activities of preserving, pursuing, disseminating, and creating knowledge and understanding require societies to respect the autonomy of universities, the scholars who research and teach in them, and the students who come to them to prepare for lives as knowledgeable citizens and capable leaders. University autonomy guarantees academic freedom in the performance of scholars professional duties (Global Colloquium of University Presidents, 2005). Berdahl (2011) states that academic freedom and autonomy are interlinked but not the same. Academic freedom is a universal concept needed by university teachers, university students, and universities, in the East and West, the North and the South, public and private (Matei & Iwinska, 2014). In contrast to academic freedom, autonomy is a relative value and may legitimately differ in its content from place to place, time to time, and context to context as mentioned by Matei and Iwinska (2014). Academic freedom was originally considered a Western value. However, it is equally important and a part of universities worldwide. Second, academic freedom and governance are closely linked. Academic freedom must be protected by governance mechanisms. In terms of academic freedom, a university has four essential freedoms: to determine who may teach, what may be taught, how it shall be taught, and who may be admitted to study on academic grounds (Berdahl, 2011). Similarly, autonomy and governance of higher education are interlinked (Acharya, 2021).

Dimensions of Autonomy

There is a variation in understanding of the dimensions of HEI autonomy (Berdahl, 1990a; Estermann & Nokkala, 2009; Matei & Iwinska, 2014; Pruvot & Estermann, 2017). Volkwein (1986) distinguished campus autonomy into academic and financial aspects. Matei and Iwinska (2014) described eight dimensions: internal governance and organization; curriculum; program design and learning methods; research and publication; quality assurance and accreditation standards; student-related issues; staff-related issues (academic and non-academic); finance and administration; and internationalization. Pruvot and Estermann (2017) classified four dimensions of university autonomy-organizational, financial, staffing and academic. Likewise, Estermann and Nokkala (2009), Estermann et al. (2011) mention four key dimensions of autonomy: organizational, financial, staffing, and academic. According to Estermann and Nokkala (2009), these four pillars of autonomy interact dynamically with multiple stakeholders, and the nature of these interactions reshapes the exercise of autonomy in practice. Specifically, autonomy is influenced by the interfaces among government and universities; internal university management and staff; academic staff and students; universities and businesses; and universities and internationalization (Estermann & Nokkala, 2009).

Institutional autonomy can be understood in terms of two interrelated dimensions: substantial and procedural (Berdahl, 1990a). Substantive autonomy is the power of a university or college, as a corporate entity, to determine its own goals and academic programs (Hoare, 2007). In the academic context, this dimension concerns the institution's fundamental role and mission, including the right to design curricula, formulate research policies, establish admission and entrance standards, appoint academic staff, award degrees, and determine pedagogical approaches (Berdahl, 1990a; Krücken, 2003).

In contrast, procedural autonomy refers to a university or college's authority to decide how its goals and programs are implemented. It focuses on the operational processes through which institutional missions are realized, including budgeting and financial management, non-academic staff, procurement practices, and engagement in contractual arrangements (Berdahl, 1990a; Shattock et al., 2023). Berdahls conceptualization of academic freedom and autonomy incorporates core elements of institutional autonomy (Börzel & Spannagel, 2024). These include: ăa) the freedom to select staff and students and to determine the conditions governing their retention within the institution; b) the discretion to determine curriculum content and establish degree standards; and c) the capacity to allocate financial resources across different categories of expenditure (Mittal & Pani, 2020). Within this framework, autonomy is situated in a broader national accountability system designed to foster trust between HEI and society.

Academic Autonomy: Academic autonomy, as defined by Turcan and Bugaian (2014), refers to an HEIs capacity to independently manage its internal academic affairs (Kurtoglu, 2023). It encompasses key dimensions such as study fields, the regulation of student enrolment numbers, student selection procedures, and the design, structure, and content of academic programs (Turcan & Bugaian, 2014). More specifically, academic autonomy includes the establishment of degrees, crafting course curriculum, conducting examinations, conferring degrees to students, setting entry standards for students, creating an academic structure, academic performance expectations, overall student numbers, admission procedure, introduction of new programs, termination of existing programs, instructional language, choosing quality assurance mechanisms, and the capability to create degree program content.

Human Resource to Staffing Autonomy: Human resource to staffing autonomy is an HEIs capacity to recruit and manage its human resources as it sees fit. Human resource autonomy, as defined by Stamelos et al. (2019) includes the ability to recruit independently and promote and develop both academic and non-academic staff. It encompasses recruitment procedures, promotion, terms and conditions of employment, salaries and benefits, consultancy privileges, and dismissal of academic and non-academic staff.

Financial Autonomy: Financial autonomy, as Proserpio (2022) mentions, is a universitys ability to manage its funds and independently allocate its budget. Financial autonomy refers to the freedom to raise and use funds (Pandey, 2004). Multiple sources and self-generated funding are "central to an institution's financial autonomy" (ERASMUS+ Project, 2024). Financial autonomy includes the ability to raise funds, own buildings, borrow money, and set tuition fees (Lebeta, 2022). Equally, financial autonomy encompasses the right of HEIs to distribute public and internal funds, maintain a surplus of public or internal funding, borrow money or funds, own land and buildings, receive students financial contributions and tuition fees, spend their budget to achieve their objectives, and set human resource salaries, among other things.

Organizational Autonomy: According to Proserpio (2022), organizational autonomy is a "university's capacity to determine its internal organization and decision-making processes." It encompasses operational freedom and the freedom to decide the framework and structure of the decision-making process. It guarantees that the HEI is entitled to determine its structure, systems, mission, goals, and priorities in a manner consistent with societal needs and to make decisions independently (Pandey, 2004). Organizational autonomy includes academic and administrative structures, leadership, and governance. More specifically, it includes the authority to create internal academic structures, create legal entities, design organizational and academic frameworks, determine the composition of governing boards, including the involvement of external members, and establish policies regarding the executive head, the dismissal of the executive head, the selection criteria for the executive head, the executive head's selection, qualification, and termination, and executive leadership. It also encompasses the selection, qualification, appointment, tenure, evaluation, and dismissal of the executive head, as well as broader institutional and governance mechanisms.

Governance Model and Strategic Management

Autonomy in HEIs has been a matter of debate since the early days of university life and remains an important, often contentious issue across the globe. Evidence shows a continuum of governance and management in higher education: a government-agency model at one end and a privatization or market model at the other (Davidovitch & Iram, 2015). In the government agency model, the government has full authority and responsibility for governing and managing HEIs. In the privatized or market model, most authority and responsibility are entrusted to the private sector, and the government acts as a facilitator of governance and management of HEIs. Between these two extremes, various models are characterized by the level of autonomy in the governance and management of HEIs, as presented in Table 1.

Table 1

Governance Model, Autonomy, Accountability, and Strategic Management

Governance Model	State Agency Model	State Control Model	State Supervision Model	Market Model
Level of autonomy	Zero to Low	Low	Moderate to high	High
Level of accountability	Low	Low	Moderate to high	High
Strategic management	Governmentally fixed strategies	Governmentally imposed strategies	Internally steered strategies	Externally steered strategies

Source: Compiled by the Author, 2026.

Strategic Management and Autonomy

Strategic management is required to address challenges (David & David, 2015; Martin, 1992). For a decade, HEIs in Nepal have been preparing and implementing strategic plans. Global evidence shows that strategic management helps achieve goals and objectives more effectively and efficiently (David & David, 2015; Martin, 1992). Institutional autonomy is the most important element for every HEI to make independent decisions about its goals, successes, and failures while remaining accountable for those outcomes (Nickel, 2011). Aghion and Howitt (2009) asserted that universities with greater autonomy are more innovative and achieve higher rankings. A similar study by Varghese and Martin (2014) shows that autonomy helps HEIs become more innovative and responsive to their goals. To assert autonomy, Salami (2009) in IRIS Academic (2019) observed the following:

> Institutions with complete autonomy are more

> flexible because they are not bound by cumbersome bureaucracies and externally imposed standards, even in the face of legitimate accountability mechanisms that do bind them. As a result, they can manage their resources with agility and respond swiftly to the demands of a rapidly changing global market. With greater autonomy, HEIs can make independent decisions about their goals, successes, and failures.

Implications of Autonomy on Strategy Management

In the evolving global context, higher education has become increasingly internationalized and dynamic, with a growing emphasis on competitiveness driven by knowledge production. Simultaneously, it is shaped by both government regulations and market mechanisms. With this environment, institutional autonomy has emerged as a central concern in higher education systems and their reform processes (Matei & Iwinska, 2014). Autonomy is widely recognized as a critical factor in the effectiveness of HEIs (Matei & Iwinska, 2014). As Matei and Iwinska (2014) stated, the following:

> Autonomy affects the overall performance and effectiveness of the higher education system and individual universities. Autonomy is a crucial factor in determining universities' capacity to fulfill their role in society, including the production, transmission, dissemination, and use of knowledge. The autonomy of universities influences their capacity to make contributions to the economic development and competitiveness of a country, to democratic education and democratic development, to the training of national professional, intellectual, and political elites and of the state bureaucracy, and to the construction and assertion of national identity in a globalized world (pp. 7-8).

Geddes (1990) asserts that financial autonomy is crucial for HEIs. By granting autonomy, governments hope that HEIs will have greater freedom to create favorable conditions for quality and expand creativity and excellence in higher education. Autonomy with a greater reliance on non-governmental sources, on the other hand, leads to harnessing, as bureaucratic harnessing impedes quality, creativity, and excellence. Varghese and Martin (2014) found that autonomy in South Asian countries is under threat and not properly utilized.

Autonomy and Accountability

All organizations, including HEIs, whether or not they have autonomy, are accountable to their stakeholders in particular and society at large in general (ERASMUS+ Project, 2024; Pandey, 2004). Accountability is being answerable to stakeholders. UNESCO highlights a proper balance between the autonomy enjoyed by HEIs and their accountability (UNESCO, 1997). Berdahl (2011) mentions three possible layers of accountability: legality, efficiency, and effectiveness. Legal issues concern compliance with legal provisions. Efficiency is related to the ends-to-means ratio. Universities and HEIs have achieved their goals with less money, or they must achieve more with the same money. Effectiveness is related to obtaining value for money. The value must exceed the cost incurred to become an effective HEI.

As Berdahl (1990b) and Pandey (2004) noted, the relationship between the state's demand for utility and accountability and universities' need for academic freedom, institutional freedom, and institutional autonomy often generates inherent tensions. While greater autonomy enhances institutional flexibility and innovation, it simultaneously requires increased accountability to society. Therefore, a balanced approach is necessary, which is achieved through effective coordination among political, bureaucratic, academic, and market forces (Berdahl, 1990b; Pandey, 2004). According to Pandey (2004), a socially responsible HEI is expected to do the following:

1. It serves as a resource base and provides support for public policy formulation and public issues.
2. Ensure equitable access by admitting qualified students from all sections of society.
3. Facilitating quality teaching, learning, and research.
4. Contribute to the professionalization of education, particularly in socially important yet underdeveloped sectors.
5. Support businesses and industry through training, research, and consultancy services.
6. Conduct research on issues of national significance and effectively disseminate findings to government, industry, and other stakeholders.
7. Collaboration with other academic institutions to enhance academic standards.

Evidence-based research on the relationship between institutional autonomy and strategic management practices is generally lacking (Fielden, 2008; Neave & van Vught, 1991), particularly within Nepalese HEIs. Several studies on governance in higher education remain largely descriptive and fail to critically examine how different dimensions of autonomy shape institutional performance, leadership effectiveness, or strategic decision-making. International scholarship also highlights this gap. Neave and van Vught (1991) and Fielden (2008) argue that autonomy must be accompanied by strong internal governance and managerial capacity to translate independence into improved institutional performance; however, such an analysis is missing in the Nepali context. Likewise, critics such as Bleiklie and Kogan (2007) and Marginson (2011) caution that autonomy without accountability or robust leadership structures may reinforce centralization, patronage networks, and inefficiency rather than fostering innovation. Thus, critics are relevant to Nepal, where anecdotal evidence shows that increased autonomy has not always translated into improved strategic planning or performance.

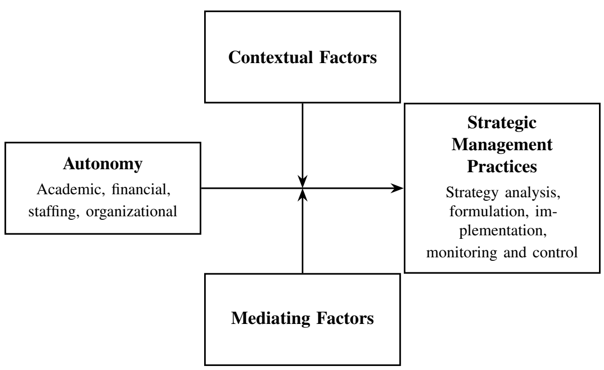
In addition, although international literature links autonomy to greater responsiveness and competitiveness (Estermann et al., 2011), Nepal lacks empirical evidence on whether similar patterns hold in its universities, which operate under politicized governance, resource constraints, and bureaucratic control. Thus, this study aims to bridge this gap by providing empirical insights into the current status of academic freedom and institutional autonomy in Nepali HEIs and analyzing their implications for effective strategic management, accountability, and institutional performance.

Conceptual Framework

The conceptual framework (Figure 1) of this study posits that the institutional autonomy comprising academic, financial, human resources, and organizational (institutional) influences the effectiveness of strategic management practices in HEIs. Autonomy is expected to enhance an institution's capacity for strategic analysis, strategy formulation, implementation, monitoring, evaluation, and control. However, this relationship is shaped by contextual factors such as government regulations, political influence, funding arrangements, and national higher education policies that affect both the extent of autonomy and how it translates into strategic actions. Similarly, mediating factors such as leadership capacity, internal governance, organizational culture, stakeholder participation, accountability mechanisms, information and communication systems, and the degree of decentralization within the institution also influence the strategic management practices. Furthermore, Thus, the framework suggests that while autonomy provides a foundation for effective strategic management, its impact depends on the institutional and contextual factors.

Figure 1

Conceptual Framework



Materials and Methods

This study was conducted at HEIs in Nepal using a mixed-methods research design to obtain a comprehensive understanding of institutional autonomy and its relationship with strategic management. An explanatory sequential mixed-methods approach was adopted, in which quantitative findings were complemented and deepened by qualitative inquiry. Data were collected through a review of the strategic plans of six universities, 20 affiliated community-based campuses, six autonomous TU constituent campuses, one central TU department and one QAA-certified TU constituent campus. In addition, 53 semi-structured interviews were conducted with key stakeholders, including six VCs, six registrars, nine deans, 26 campus chiefs (20 from affiliated campuses and six from TU constituent campuses), three planning chiefs, one project head, one representative from a funding agency, and one educationalist. The interviews were conducted until repetitive responses emerged, indicating thematic saturation. Only HEIs that had developed a strategic plan or had participated in the quality assurance and accreditation (QAA) process were included in the study, whereas those that had neither prepared a strategic plan nor participated in the QAA process were excluded.

A structured survey questionnaire was administered to examine perceptions of four dimensions of autonomy academic, staffing, financial, and institutional and their relationship with strategic management. The questionnaire was developed to cover the major dimensions of autonomy and strategic management practices and was refined through expert validation. The survey questionnaire was administered to campus chiefs, academic leaders and faculty members. Of the 336 questionnaires distributed, 203 usable responses were received, yielding a response rate of 60.45%. Cronbachs alpha coefficient ranged from 0.88 to 0.90, exceeding the acceptable threshold of 0.70 and indicating high internal consistency and reliability of the instruments (Nunnally & Bernstein, 1994).

Qualitative data were analyzed thematically through iterative coding, allowing patterns related to autonomy, decision-making, and strategic management practices to emerge. Quantitative data were coded, stored, and later analyzed using SPSS, employing descriptive and correlational analyses and a one-way ANOVA. The level of autonomy was assessed using means and standard deviations across four dimensions (academic, staffing, financial, and institutional), and the relationship between autonomy and strategic management was examined using correlation analysis. In addition, a one-way ANOVA was conducted to determine whether strategic management practices differed significantly among universities, with strategic management practices as the dependent variable and universities as the grouping variable.

The qualitative and quantitative strands were then merged and triangulated to strengthen interpretive validity and to reveal how different aspects of autonomy influence the formulation, implementation, monitoring, and evaluation of strategies. During the research process, due consideration was given to ethical issues. Prior to interviews and survey administration, the study's objectives and purpose were clearly explained to all participants. An informed consent form was developed in consultation with experts and was provided to participants before data collection. After being briefed about the study, participants were requested to provide their consent. They were also informed that their participation was entirely voluntary and they could withdraw from the interview or survey at any stage without any consequences. Participants' anonymity, privacy, and confidentiality were maintained throughout the research process, and the information collected was used solely for academic and research purposes.

Results

Autonomy in the Nepali Higher Education System

Tri-Chandra College, established in 1918, was Nepal's first government-run HEI and was affiliated with the University of Calcutta in India. Later, the affiliation shifted to Patna University. Academic matters were controlled by the affiliated university, and administrative affairs were managed and controlled by the government. Until the establishment of Tribhuvan University (TU), there were two types of colleges in Nepal: government colleges, managed and controlled by the government, and non-governmental colleges, managed and controlled by educational leaders, with academic control vested in the affiliating university, regardless of the college.

After TU's establishment in 1959, there were government and non-government colleges in Nepal. These colleges were brought under the TU as affiliated colleges (government and non-government). The academic aspects were controlled by TU, and the other aspects were controlled by the government in the case of government colleges. In contrast, the management committee, consisting of educationalists, academic leaders, and civil society leaders, controlled the other aspects.

A revolutionary reform plan, namely the National Education System Plan (NESP) (19711976), was introduced in Nepal in 1971, and the TU shouldered the monopolistic responsibility for higher education, tasked with bringing all types of colleges under its umbrella as constituent colleges (Acharya, 2021). Thus, TU became a conglomerate of higher education in Nepal (Government of Nepal, 1971). The TU Act entrusted TU with institutional, financial, staffing, and academic autonomy (Ra & Joshi, 2020).

In 1987, following students movements and the increasing demand for higher education, and due to the governments inability to accommodate it amid financial austerity, the government decided to permit TU to affiliate with private-sector campuses (Ra & Joshi, 2020). Accordingly, academic matters were under TU control, and the rest remained under the management committee of the TU-affiliated campus.

The advent of democracy in 1990 brought multifaceted changes across many walks of life, and the government adopted a liberal economic policy. Accordingly, additional HEIs from both the private and governmental sectors were established nationwide, and initiatives to establish HEIs through foreign universities and foreign investment were launched.

Levels of Autonomy in HEIs

Nepalese universities enjoy a good degree of autonomy in academic, institutional, staffing, and financial matters (Joshi, 2018; Varghese, 2011; World Bank, 2007; World Bank, 2015). They can set fees for students, diversify income sources and retain government grants. In academic matters, they can design and develop curricula and study programs, and award degrees. They can frame their rules, set academic and administrative structures, recruit, promote, and terminate staff, and fix the terms and conditions of employment.

In Nepal, constituent campuses are governed by university administrators. The centralization of authority in the TU central office, which has 62 constituent campuses, is a key challenge to improving TU, as noted by the World Bank (2007). Similar characteristics of centralized authority prevail in other universities. However, the magnitude of centralization varies among universities (Table 2).

Table 2
Autonomy in Nepali HEIs

Dimension	Universities	Constituent Campuses/Schools	Affiliated Campuses
Academic	Full range	Admit students based on criteria fixed by the university, and conduct classes	Admit students based on criteria fixed by the university, and conduct classes
Financial	The full range is subject to government constraints on its grants.	Fixed tuition fees	Full range
Staffing	Full range	No	Full range
Organizational	Full range	No	Full range

Source: Based on data collected by the author, 2024

The four dimensions of autonomy have been observed in HEIs in Nepal (Acharya, 2025), as discussed below:

Financial Autonomy. Traditionally, Nepali universities have been funded by the public sector. Constituent campuses, as integral parts of their parent universities, receive public funding through their respective central administrative offices (Acharya, 2021). In terms of affiliation, the affiliated campuses are part of universities, whereas in terms of funding, they must manage their own funds. Affiliated campuses initiated and managed by the community receive a minimum amount in regular grants and infrastructure development grants (for constructing buildings and purchasing books, equipment, and furniture), up to the maximum ceiling set by the UGC (Bista et al., 2019). In addition, selected community campuses under the reform projects (SHEP, HERP, and NEHEP) receive additional funding based on performance-based criteria. Affiliated campuses initiated and managed by the private sector for profit are mostly self-financed, with student fees as the main source of income (Table 3).

Table 3
Financial Autonomy of the Nepalese HEIs

Aspects of Financial Autonomy	Universities	Constituent Campuses/Schools	Affiliated Campuses
Allocate public funding to expenditure heads and subheads.	Yes	No	Yes
Diversification of sources of internal funding	Yes	Yes	Yes
Keeping surplus public funding	Yes	Partially	Yes
Keeping surplus internal funding	Yes	Partially	Yes
Borrowing money/funds	Yes	No	Yes
Ownership of land and buildings	Yes	Yes/No right to sale	Yes
Set students' tuition and other fees.	Yes	Partially	Yes
They spend their budgets to achieve their objectives.	Yes	Yes	Yes
Set salaries and other HR aspects.	Yes	No	Yes

Source: Based on data collected by the author, 2024

The Universities Act stipulates that any rules formulated or actions undertaken by a university that entail additional financial obligations for the Government of Nepal must receive prior approval from the Ministry of Finance.

Academic Autonomy. Nepali universities have been granted a full range of academic autonomy through their respective acts. Since its establishment, academic autonomy has been a tradition at TU. The reason was that the then-government had appointed Prof. Wood from the USA as an educational expert in 1956, and academic freedom and autonomy were deeply rooted in the American higher education tradition. Prof. Woods recommendations, which he drew from his study of Nepal and termed "exogenous influence," encapsulated the tradition of autonomy in the subsequent history of higher education, and the same provision has been carried forward (Regmi, 2019).

There was no such provision prior to universities being free to decide on any issues that resulted in additional funding. This creates trouble for the government because the university decides matters that cause additional burdens beyond the government's financial capacity, contrary to the government's funding norms, or that the government does not want to fund. As a result, the Nepal Act Amendment Act, 2064, changed this provision. However, HEIs are free to operate within the budget provided by the UGC. The level of organizational autonomy in Nepali HEIs is presented in Table 4.

Table 4
Academic Autonomy of the Nepalese HEIs

Aspects of Academic Autonomy	Universities	Constituent Campuses/Schools	Affiliated Campuses
Establishment of degrees	Yes	No	No
Crafting curriculum	Yes	No	No
Conducting examination	Yes	No	No
Conferring degrees to students	Yes	No	No
The capacity to design the content of degree programs	Yes	No	No
Setting entry standards for students	Yes	No	No
Set academic structure	Yes	No	No
Academic performance standards	Yes	No	No
Overall student numbers	Yes	No	No
Admission procedure	Yes	No	No
Introduction of new programs	Yes	No	No
Termination of existing programs	Yes	No	No
Language of instruction	Yes	No	No
Selection of quality assurance mechanisms	Yes	No	Yes

Source: Based on data collected by the author, 2024

Staffing Autonomy. In higher education settings, there are at least four categories of human resource work: teaching, research, administration, and extension services. The governing members at different levels of governance are full-time higher-level officials who also serve on the corresponding governing boards. Executive officials are categorized into a single category. Teachers in different positions (professors, readers, lecturers, etc.) are responsible for teaching and conducting research. Administrative, technical, and support staff are other categories within higher education systems. Nepalese universities can frame rules and regulations on human resources, including recruitment, selection, appointment, promotion, transfer, and termination, as well as the terms and conditions of employment (See Table 5).

Table 5

Staffing Autonomy of the Nepalese HEIs

Aspects of Staffing Autonomy	Universities	Constituent Campuses/Schools	Affiliated Campuses
Recruitment procedures for academic and non-academic staff	Yes	No	Yes
Promotion and transfer of academic and non-academic staff	Yes	No	Yes
Terms and conditions of employment	Yes	No	Yes
Salaries and benefits of academic and non-academic staff	Yes	No	Yes
Consultancy privilege	Yes	Yes	Yes
Dismissal of academic and non-academic staff	Yes	No	Yes

Source: Based on data collected by the author, 2024

Organizational Autonomy. Nepalese universities have significant organizational autonomy. They can frame the rules and regulations required by the university. They can establish legal entities such as faculties, institutes, and campuses. In Nepal, one of the hottest debates is the appointment of a universitys top-level officials based on political give-and-take (Bhagbanda), as noted by Martin Chautari (2015). In this regard, Joshi (2018) asserts that this practice has opened the window for exerting political influence on universities. Since the establishment of TU, university leadership has been appointed on political grounds, thereby politicizing the university.

Table 6

Organizational Autonomy of the Nepalese HEIs

Aspects of Organizational Autonomy	Universities	Constituent Campuses/Schools	Affiliated Campuses
Framing rules and regulations	Yes	No	Yes
The capacity to create internal academic and administrative structures	Yes	No	Yes
The capacity to create legal entities	Yes	No	Yes
Set criteria for selecting external members of the HEI's governing board other than ex-officio members.	Yes/as per the act	No	Yes
Selection and appointment of the VC, Chairperson, and members of the SC	No	NA	NA
Term of office of the Senate, academic, and executive council members	Yes/as per the act	NA	NA
Dismissal of the VC, Rector, Registrar, and Deans	Yes, as per the act or rules.	NA	NA
Campus Chief	Yes	No	Yes

Source: Based on data collected by the author, 2024

As a result, university officials have become more loyal to their lords than to their assigned official responsibilities, resulting in a deep crisis, as discussed by Ra and Joshi (2020) in higher education, not only at the university center but also across universities and colleges. The goal of, and the provision of, appointment mechanisms by university authorities and various levels of governing boards is to ensure, in good faith, that the appointee discharges his or her official responsibilities in accordance with the stipulated norms and standards. The consequences are that HEIs have been struggling to respond to emerging challenges, often blaming their political leaders for their failures and turning HEIs into venues for irregularities, unethical behaviors, and so forth. Among these consequences, the most significant is the excessive political inclination among university teachers and staff to seek undesirable political benefits by violating academic ethics, traditions, norms, and values. Table 6 presents the status of organizational autonomy in Nepali HEIs,

Autonomy within the University System

According to Joshi (2018), university autonomy from the government and autonomy within universities are critical for HEIs. In the Nepali context, campuses are responsible for the delivery of teaching and learning as well as the research mandate of universities, which requires them to exercise autonomy from the universities as deemed necessary by the government.

Under the reform agenda, TU introduced the decentralization of its constituent campuses in 1998 as part of the Higher Education Project (HEP). The project provided financial assistance to those campuses that opted for decentralization. Altogether, 37 campuses were converted into decentralized campuses, and it is believed that this decentralization addressed TU's governance, management, and financial problems. With the introduction of TU Decentralization Rules in 1998, which were based on economic strength, academic efficiency, and institutional capacity, the Executive Council of TU could form the Management and Development Council for TU's institutes, faculties, and research centers, comprising academic administrators and a few external stakeholders. The rules provide certain financial, institutional, and administrative rights to the institutes, faculties, and research centers (Acharya, 2021). Under the Management and Development Council, there is a provision for the Implementation Committee, which comprises internal academic administrators to look after the tasks entrusted to the institutes, faculties, and campuses.

Similarly, the rules include the Management Committee of the TU constituent campus, comprising internal and external stakeholders such as guardians, donors, educationalists, and representatives of the Teachers' Association, Employees' Association, and Free Student Union. Under the Campus Management Committee, the Executive Committee, chaired by the Campus Chief, oversees the tasks entrusted by the rules and allocates administrative and financial rights to the campus (Acharya, 2021). Under such a provision, TU centrally allocates block grants from UGC funding.

After the termination of HEP, the process of converting the campuses to a decentralized model stopped, as there was no financial incentive for the TU campuses, hindering further development and implementation of the autonomy rules necessary for the Second Higher Education Project to proceed effectively. Following the HEP, another project, named the Second Higher Education Project (20072014), was implemented with IDA assistance worth USD 60 million. The precondition was that TU had to approve the TU autonomy rules, 2005, satisfactory to the IDA, and accept the assistance. TU approved the same in accordance with the donors condition (Tribhuvan University, 1998).

The fundamental rationale for introducing autonomy rules, as emphasized by the World Bank (2007), was to promote local ownership and institutional initiative while mobilizing additional resources to upgrade physical infrastructure, enhance the learning environment, and strengthen faculty capacity. The SHEP played a crucial role in facilitating the implementation of decentralization and autonomy policies within TU. Under this framework, decentralized campuses were allowed to expand TUs' centrally approved academic programs in response to increasing market demand, whereas autonomous campuses were permitted to introduce new academic programs tailored to their specific institutional contexts. However, examinations for both categories continued to be administered under the supervision of TUs Office of the Controller of Examinations (OCE), ensuring the degree of standardization while allowing greater flexibility in curriculum design and assessment aligned with local needs. During the SHEP implementation period (February 22, 2007June 30, 2014), four constituent campuses attained autonomous status, and a total of 45 campuses were decentralized among the 60 TU constituent campuses (World Bank, 2015).

Likewise, the Higher Education Reforms Project (HERP-20152020), amounting to USD 65 million in funding under an IDA credit, was launched to reform higher education in Nepal by further emphasizing autonomy, quality assurance, and accreditation. It included a provision of financial incentives under HERP to opt for autonomy, including academic autonomy, along with a regular government grant earmarked according to the positions approved by the university. Three additional TU constituent campuses opt for autonomy under project funding and regular source funding. In reality, human resources have been working in fewer positions than approved, creating critical incentives for campuses to opt for autonomy, where additional regular funding is tied to autonomy, thereby creating a guaranteed revenue base regardless of the campus's academic performance.

The further impetus for autonomy within the university system started with the amendments to existing TU autonomy rules on 2073/03/26 BS (Tribhuvan University, 2005). The universitys affiliated campuses, both community and private, operate independently of the universitys central administration in terms of financing and administrative purview, whereas constituent campuses remain under the university's direct financial and managerial purview (World Bank, 2015). Despite this structural distinction, both constituent and affiliated campuses must follow the university's prescribed curricula, and their students must sit for centrally administered examinations. Thus, curriculum design and assessment systems for both types of campuses fall under the jurisdiction of university authorities (World Bank, 2015).

This centralized arrangement places a considerable burden on the university's administration and constrains campuses' academic growth and capacity for innovation. In response, selected campuses have been granted academic autonomy under TU regulations, subject to meeting prescribed criteria. These autonomous campuses are allowed to exercise greater flexibility in specific academic and managerial aspects, including designing curricula, designing questions, moderating questions, conducting examinations, evaluating students, and publishing results.

As per this, a constituent campus of TU has been running a program, and five affiliated community-based campuses have been running autonomous programs. Similarly, Midwest University (MWU) provides academic autonomy within the university system (Midwest University, 2017) and recently permitted MUSOM to operate as an autonomous entity under rules approved by the Senate in 2018. They have full autonomy, covering academic, personnel, and financial matters. Similar trends in providing autonomy within university units began in Nepal.

The campus chief of one autonomous TU constituent campus states that:

> The TU central authority does not want to surrender its authority to the campus; rather, they want to centralize the authority. Autonomy is mainly to show the World Bank and the UGC how to get funds from the WB. TU Central did not give us the earmarked grant as per the autonomy rules. Autonomy rules allow us to appoint staff to vacant posts, but they create hindrances to it. Similarly, they dont allow the exercise of financial rights allowed by the autonomy rules.

One top-level leader of TU mentioned that academic autonomy is good, but by granting academic autonomy, we have to be sure that the credibility of TU is not questioned at any cost. Granting academic autonomy means we agree to transfer TU's authority for designing and developing academic programs, crafting curriculum, and handling examination-related aspects, but we still have to assume responsibility for issuing the transcripts and certificates awarded by TU to students. We have to be very critical of the academic credentials of the campuses that opted for academic autonomy.

> The campus chief of one community-based campus that receives academic autonomy from TU mentioned, before getting academic autonomy, we had been in a vicious cycle in academic matters. The curriculum had been drafted and approved by the Dean's Office and the Academic Council; the question papers were prepared by someone else from the university; the answers of the students were checked by others; the examination results were published, taking a long time by the university; and the transcript and certificate were issued by the university. We had been teaching students using the traditional, outdated curriculum prescribed by the university and had been happy with good students' results and depressed by poor students' results. Now, we are fortunate to have obtained academic autonomy from TU. We can craft or revise curriculum and programs ourselves based on the contemporary academic environment within and outside the country, carry out teaching and learning activities, conduct examinations, and so forth (interview: campus chief, community-based affiliate campus).

Before gaining academic autonomy, the campus was stuck in a rigid, university-controlled system that limited its role to teaching outdated curricula; with autonomy, it can now design curricula independently, manage teaching and examinations, and modernize its academic practices.

Another campus chief of an accredited community-based affiliated campus stated,

> We are not in a position to assume academic autonomy. This is because we do not have the capacity to invest in designing academic programs, crafting curriculum, and assuming sole responsibility for the credibility of academic programs on our campus. Thus, at present, we are not planning to opt for academic autonomy (interview, campus chief, community-based affiliate campus).

Preconditions such as resources and the capacity to design curricula, develop academic programs, and independently ensure their academic credibility are vital for autonomy.

Centralizing Authority and Granting Autonomy Concurrently

It is found that academic autonomy is developing at two opposite poles. In Nepal, two conflicting phenomena have emerged: the centralization of authority and the concurrent granting of autonomy to the campuses. First, the authority to grant permission to open campuses through affiliation with foreign universities and higher education institutions, to conduct annual monitoring, and to revoke such permission has been fully centralized within MOEST since its inception.

Second, with the enforcement of the new National Medical Education Act, 2018, the authority of universities and medical academies, including campuses, as well as the authorities and roles of five professional councils related to medical education, have been shifted to the MEC, especially regarding the monitoring and regulation of medical, nursing, health professional, pharmacy, and Ayurvedic medical education in the country. The Medical Education Commission has implemented the following criteria for teaching methods and degrees, as well as criteria for educational institution mergers: student seat determination based on the level and subject of the colleges; student admissions; admission tests and admission results; fee structures; scholarship selection; student assessment; and final criteria related to examinations, the academic calendar, and other issues. These issues are aspects of HEIs' autonomy that were already exercised by Nepal's universities and are now centralized by the government at the MEC. In the same vein, the authority to grant permission to open campuses through affiliation with foreign universities and higher education institutions, to conduct annual monitoring, and to revoke such permission has been fully centralized within MOEST since its inception.

A later development is that the university center has been devolving the center's academic power to both constituent and affiliated campuses, as evidence of exogenous influence, paving the way for decentralization and autonomy in higher education in Nepal. The university center has been devolving its authority to campuses over the past two decades. Now, this move towards academic autonomy was not limited to its constituent campuses but also extended to the affiliated campuses.

Government Interference with Autonomy

"Academic freedom" is generally regarded as an absolute term, whereas "autonomy" is a relative concept that varies across institutional and national contexts. In Nepal, the autonomy of HEIs has increasingly been constrained by government intervention. Although universities are legally authorized to establish academic institutions and make decisions on core academic matters, these responsibilities have often been exercised by professional councils, MOEST, and the Council of Ministers. According to the Government of Nepal, Ministry of Education, Science, and Technology (2006), the MoEST has the power to formulate norms for the physical and academic infrastructure of campuses in technical areas, which include medical, science, engineering, agriculture, forestry, ICT, accounting, and management, and to issue permits for their establishment with national and international private involvement. The TU Act mandates that TU issue permission for the establishment of private campuses (GON, 2010). Similarly, decisions related to funding, physical, and academic norms for technical campuses fall within the core functions of universities. This overlap of authority between universities and external regulatory bodies creates a significant gap between formal autonomy and its actual exercise.

Nepalese universities are academically autonomous in all respects under legal provisions and have continued to enjoy a substantial degree of autonomy. Every activity revolves around their academic programs. The central thread connecting students, teachers, academic managers, and other support staff is the set of academic programs across teaching, research, and community service. Academic planning is central to HEIs, and all other planning revolves around it. Thus, autonomy, including academic autonomy in particular, is the crux of strategic management.

One university VC and educationalist mentioned:

> Autonomy is an important aspect of self-governance necessary for a university's effective decision-making in its academic work, standards and management. Systems of self-responsibility and public accountability are integral parts of university autonomy. It is meticulously examined in both the case of state-provided funding and in the context of ensuring academic freedom and human rights. Institutional autonomy is very important, particularly for ownership, creativity, and the pursuit of new possibilities and opportunities (Interview: VC).

Autonomy is essential for HEIs. In connection with this, the Chancellor of KU and the then Prime Minister, in their address to the 60th Senate Meeting, stated that "I think it is appropriate to give you the autonomy you are looking for. Institutions need autonomy, but it should not be abused. You know how to make good use of autonomy. This has been evident from your achievements so far. I see no reason for the government to object. Instead, I am of the view that the country should help this university stick to its path. This should be the policy of the government of Nepal rather than my wish."

The Governments Encroachment through Officials Appointments

In Nepal, top-level university authorities are appointed by the Chancellor (Prime Minister), except at Nepal Open University, where the Minister of MOEST appoints the VC. There are contrasting views on government involvement in these appointments. Some consider it the government's responsibility, while others perceive it as an encroachment by the government.

One associate dean noted that VC appointments have been conducted in accordance with the University Act, with the chancellor and prime minister formally appointing the VCs of the university. To date, the university has had two VCs; fortunately, both appointments were made within the university.

However, others argue that government pressure to appoint preferred candidates has negatively affected the university's functioning. Evidence suggests that the politicization of VC appointments has occurred not only by the ruling party but also by opposition parties.

Autonomy and Strategic Management Interrelationship

Gauging autonomy based on respondents' perceptions of financial, academic, staffing, and institutional aspects of HEIs revealed that HEIs enjoy a significant level of autonomy. Despite the significant level of autonomy enjoyed by the university, authority has been centralized at the university center, with little delegation, decentralization, or bottom-level autonomy.

Table 7

Means and Standard Deviations of Perception of Autonomy and Relationship with Strategic Management

Dimensions of Autonomy	Perception of Autonomy		Relationship between Autonomy and Strategic Management	
	Mean	SD	Mean	SD
Financial autonomy	3.34	.952	3.77	.786
Academic autonomy	3.29	.994	3.65	.844
Staffing autonomy	3.26	.869	3.70	.839
Institutional autonomy	3.66	.905	3.39	.875
Overall autonomy	3.29	.737	3.70	.729

Table 7 shows the mean values and standard deviations for perceptions of autonomy and the relationship between autonomy and strategic management. Institutional autonomy was found to be higher than in other dimensions, where the interrelation between autonomy and strategic management shows that financial autonomy has the highest value.

Table 8

One-Way ANOVA of Strategic Management Practices

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	24.689	15	1.646	11.301	.000
Within Groups	27.234	187	.146		
Total	51.923	202			

Table 8 indicates a statistically significant difference in strategic management practices (SMP) among the sample HEIs, F (15, 187) =11.301, P<0.001. This finding suggests that the label of strategic management practices varies significantly across institutions. However, the ANOVA results do not explain the sources of these differences. The positive relationship between autonomy and strategic management practices is demonstrated by the correlation analysis presented in Table 9.

Table 9

Correlation between SMP and Autonomy

Correlations						
		Financial	Academic	Human Resource	Institutional	SMP
Financial	Pearson Correlation	1	.529**	.572**	.525**	.489**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	203	202	203	203	203
Academic	Pearson Correlation	.529**	1	.430**	.521**	.449**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	202	202	202	202	202
Staffing	Pearson Correlation	.572**	.430**	1	.607**	.625**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	203	202	203	203	203
Institutional	Pearson Correlation	.525**	.521**	.607**	1	.560**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	203	202	203	203	203
SMP	Pearson Correlation	.489**	.449**	.625**	.560**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	203	202	203	203	203

Note. ** Correlation is significant at the 0.01 level (2-tailed)

Table 9 presents Pearson's correlation coefficients among the four dimensions of institutional autonomy: financial, academic, human resources and institutional and strategic management practices. The results reveal that all dimensions of autonomy are positively and significantly associated with strategic management practices at the 0.01 level (P<0.01), indicating that higher levels of autonomy are associated with SM.

Discussion

The findings show a strong positive relationship between overall autonomy and strategic management, indicating that greater autonomy is associated with improved strategic formulation, implementation, and control. This does not, however, imply that other dimensions do not influence strategic management. The level of autonomy varies across HEIs, with notable differences in financial, staffing, and institutional autonomy, whereas academic autonomy remains relatively consistent. HEIs should be responsible for their stakeholders. The academic profession, industry, funding agencies, alumni, the government, and society at large are the major stakeholders of the HEIs. They must be accountable to the government for the money it has provided them. Proper and effective use of public funds; effective control; audits; accountability measures; and cost-effective, efficient service delivery are vital not only for procedural accountability but also for performance accountability, as noted by Pandey (2004).

In recent years, there have been various instances that have come to the surface, showing that universities and HEIs are centers for irregularities in appointments, promotions, and transfers of academic and non-academic staff; misuse of power; irregularities in granting affiliation to the campuses, etc., which raise questions about the accountability of the universities. Every year, the Auditor General of Nepal raises questions about various aspects of finances, resource use and their impact on the overall higher education system. For instance, TU, Nepal's largest university, has more than 2 billion Nepali rupees in audit irregularities (Office of the Auditor General, 2082).

There is an implicit promise by HEIs of a certain quality of education for students. They have a responsibility to provide students with quality education. Quality largely depends on the content and effective delivery. HEIs must fulfil their accountability to the QAA by ensuring the quality of the education they provide to students. Assessing the quality of education provided by HEIs has always been controversial. The data reveal that the average pass rate is 32%, which is undesirable (University Grants Commission, 2017), and that higher education graduates are not fit for the jobs available in the market (University Grants Commission, Nepal, 2019). HEIs must be accountable to their faculty and staff. They should provide salaries and benefits within a national framework. In Nepal, faculty members have been granted academic freedom and the freedom to engage in consultancy using the name of the HEI. To maintain standards and the value of the HEI brand name, HEIs must be accountable to their alumni.

Autonomy and accountability must progress together: while autonomy should be strengthened as emphasized byăEstermann et al. (2011) and Martin (1992), robust accountability mechanisms are equally essential to prevent the resurgence of centralization, patronage networks, and inefficiency as warned by Marginson (2011) and Bleiklie and Kogan (2007). It should be applied equally to either universities or constituent campuses or affiliated campuses. TU constituent campuses' behavior, getting earmarked grants based on approved staff positions, having a significant number of vacant positions, declining numbers of students, poor academic performance, and the like raised serious questions about granting autonomy. The responsibility and accountability of HEIs to function nimbly in academic pursuits are central to autonomy.

In recent years, questions have been raised about the quality of graduates produced by HEIs, as they have failed licensing and vacancy examinations, leaving many posts unfilled because candidates failed to obtain the minimum marks required to pass. Universities in Nepal have substantial autonomy. HEIs should strive to strike a balance between stakeholders needs, social demands, and institutional autonomy as indicated by ERASMUS+ Project (2024). From an accountability perspective, HEIs in Nepal need to do much more, given the autonomy they enjoy. Autonomy and accountability should be balanced. Greater autonomy does not necessarily mean less accountability, and vice versa.

University Autonomy: Myth or Reality?

The findings suggest that university autonomy and academic freedom are both reality and myth. It is a reality because universities possess substantial statutory authority over academic, staffing, financial, and organizational matters. This finding is consistent with earlier studies that describe Nepali universities as formally autonomous institutions enjoying considerable legal authority (Joshi, 2018; World Bank, 2007). It also supports the argument of Fielden (2008) and Pruvot and Estermann (2017) that autonomy is essential for institutional responsiveness and innovation.

However, autonomy remains a myth in practice because decision-making authority is highly centralized at the university headquarters and often influenced by external political actors. Although universities enjoy formal authority from the government, constituent campuses and academic units have limited authority over personnel, financial, and academic decisions. The findings support the observations of the World Bank (2007) and Fielden (2008), who argue that autonomy must be accompanied by internal decentralization and managerial capacity to improve institutional performance.

The study further reveals that political influence in the appointment of university leaders weakens the effective exercise of autonomy. This finding corroborates earlier studies that identify political interference as a major challenge to higher education governance in Nepal (Joshi, 2018; Martin Chautari, 2015; Ra & Joshi, 2020). It also reflects the concern of Bleiklie and Kogan (2007) and Marginson (2011), who caution that autonomy without strong governance and accountability structures may reinforce patronage and inefficiency.

The positive and significant correlations between autonomy and SMP provide empirical support for international studies that link autonomy to institutional effectiveness and innovation (Aghion & Howitt, 2009; Estermann et al., 2011; Varghese & Martin, 2014). Yet qualitative findings indicate that autonomy alone is insufficient. Leadership capacity, internal governance, stakeholder participation, communication systems, and institutional ownership significantly influence how autonomy translates into strategic action. This argument supports the claims of Neave and van Vught (1991) and Fielden (2008) that autonomy must be complemented by effective governance and management competence.

Overall, the evidence indicates that Nepali universities enjoy substantial formal autonomy, but the effective exercise of that autonomy is constrained by centralized decision-making, political intervention, and limited institutional capacity. Therefore, we can characterize university autonomy in Nepal as a partial reality rather than a fully realized governance principle.

Conclusion

It appears that Nepali HEIs are formally organized in self-governing corporate entities with a considerable degree of statutory autonomy. They possess the authority to formulate rules related to personnel management, financial management, and academic governance; establish constituent institutions; introduce academic programs and degrees; approve curricula; and confer academic qualifications. In addition, HEIs are authorized to acquire and dispose of assets and determine tuition fees. Universities are primarily financed through block grants from the public sector, while also retaining the right to generate and utilize their own income.

However, within the governance structure of universities, authority is largely centralized. While campuses, faculties, or schools are responsible for delivering academic programs, the central administration retains most of the decision-making powers necessary to fulfill the university's mandate. These powers include the promotion and disciplinary control of staff, the determination of tuition fees, the allocation of budgets, and the setting of academic norms and standards.

This study contributes to the literature on higher education governance by providing empirical evidence on the relationship between university autonomy and SMP in Nepal, a developing higher education system that has received very little scholarly attention. While previous studies have primarily examined it as a governance principle, this study demonstrates how different dimensions of autonomy are associated with SMP in HEIs. The findings extend existing literature by revealing the gap between formal autonomy and its practical exercise, highlighting the influence of centralized decision-making and political interference on institutional effectiveness. Furthermore, the study contributes to policy discussions by emphasizing that autonomy alone is insufficient; effective governance, accountability, leadership capacity, and institutional ownership are equally important for translating autonomy into improved strategic performance.

To address the deficiencies in the Nepali higher education system, decentralization of authority was the first move, and granting autonomy within the university system was the second. Converting TU's constituent campuses into autonomous campuses improves overall campus performance.

HEIs in Nepal should be established, governed, and funded with the interests of students, the promotion of knowledge, learning, and research, equality of opportunity, and the social and economic interests of Nepal as a whole in mind. Strategic planning, implementation, monitoring, evaluation, and control should be prioritized to address current challenges and create opportunities for the future. However, Nepal's higher education sector lags in these areas, with only a few HEIs performing well. Despite various reform strategies being implemented to improve performance and competition, the sector has become unresponsive to the needs of Nepali communities and societies.

The increasing demand for higher education, limited financial resources, and the growth of private institutions have prompted a major reform strand in higher education, namely increased autonomy. However, HEIs in Nepal are failing to assume their responsibilities. In addition, centralizing autonomy previously enjoyed by universities and HEIs under the MEC and devolving university centers' authority to the campus level are both highlighted as important reforms for the betterment of higher education in Nepal. It is too early to measure the outcomes of these centralization and devolution reforms, but implementing them now is crucial for the future of higher education in Nepal.

Implications

To protect academic freedom and autonomy, universities must strive for transparency and honesty in reconciling autonomy with internal integrity. It is crucial to defend academic freedom and autonomy in public opinion and government "with clean hands", a line that is currently blurred in the contemporary higher education landscape. Hence, it is imperative to protect and nurture academic freedom and autonomy, along with good governance and accountability regimes, to formulate, implement, and control strategies to achieve goals and objectives by addressing current and future challenges.

Based on earlier discussions, the following practical recommendations were made for relevant authorities and institutions:

1. Strengthen institutional autonomy by maintaining robust accountability and QAA mechanisms.
2. Delegate decision-making authority to promote responsiveness, innovation, and institutional ownership.
3. Reduce political interference in leadership appointments by further strengthening transparent, merit-based selection.
4. Link autonomy and public funding to measurable performance indicators, including educational quality, research outputs, and graduates' employability.
5. Enhance leadership and strategic management capacity through a professional development program for the academic leaders.
6. Regularly evaluate the effects of autonomy on institutional performance.
7. Encourage universities to strengthen stakeholders' participation in planning and decision-making processes.

This study has several limitations. The study was confined to six selected universities, constituent campuses, and affiliated campuses that had either developed strategic plans or participated in QAA processes. Consequently, the findings may not fully represent the entire Nepali higher education sector. Second, the quantitative data were based on respondents' perceptions of autonomy and SMP, which may be influenced by subjective interpretation and organizational experiences. Third, the study employed a cross-sectional design; therefore, a causal relationship between autonomy and SMP cannot be established with certainty. Finally, the study examined four dimensions of autonomy, while other contextual factors were examined indirectly.

Future research should include a broader range of HEIs to generalize the findings across Nepal's higher education sector. Longitudinal and comparative studies involving autonomous and non-autonomous institutions would help to better understand how autonomy influences institutional performance over time. Future research should also examine the role of mediating factors such as leadership, organizational culture, organizational structure, information and communication systems, governance, and accountability mechanisms in shaping the relationship between autonomy and SMP.

Acknowledgment

The author sincerely thanks the anonymous reviewers for their valuable comments, constructive suggestions, and critical insights, which significantly improved the quality, clarity, and rigor of this article.

Artificial Intelligence (AI) Use and Disclosure

Statement: In the preparation of this manuscript, AI tools were used for some sections, with minimal or no editing.

Similarity and Originality Confirmation

The manuscript is original, not under review elsewhere, and complies with TUJ publication ethics.

Conflict of Interest

The authors declare no conflict of interest.

Funding

The authors declare no funding received.

Data Availability

Data available from the corresponding author on request.

Declaration

This article was developed as part of the author's doctoral research.

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