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Comparative Analyses of The Transformation of Legal Status of Higher Educational Institutions in Azerbaijan

Abstract

This study examines the transformation of higher educational institutions into public legal entities in Azerbaijan, contextualizing this reform through comparative case studies from Finland, Japan, and Portugal. Relying on literature review, as well as document analysis of laws and policy papers, the research explores how converting universities into public legal entities affect governance, funding, and institutional autonomy. In Azerbaijan, recent legal reforms – including the 2015 Law on Public Legal Entities and subsequent decrees – have gradually restructured universities as autonomous public legal entities under government oversight. Internationally, similar reforms (e.g., Finland's Universities Act 2009, Japan's National University Corporations 2004) have aimed to increase university autonomy, introduce corporate-style governance such as independent boards of trustees, and diversify funding opportunities.

Keywords: *higher education, transformation, legal status reform, university administration, institutional autonomy, international comparison*

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Alilərin hüquqi statusunun transformasiyasının müqayisəli təhlilləri: Azərbaycanda təhsil müəssisələri

Xülasə

Bu araşdırma Azərbaycanda ali təhsil müəssisələrinin ictimai hüquqi şəxs statusuna keçirilməsi prosesini təhlil edir və bu islahatın mahiyyətini Finlandiya, Yaponiya və Portuqaliyada həyata keçirilmiş oxşar modellərlə müqayisəli şəkildə nəzərdən keçirir. Tədqiqat qanunvericilik aktlarının və siyasət sənədlərinin sənəd təhlili, eləcə də mövcud akademik ədəbiyyatın sistemli icmalı əsasında aparılmışdır. Universitetlərin ictimai hüquqi şəxsə çevrilməsi idarəetmə strukturunda dəyişikliklər, maliyyələşmə mexanizmlərinin transformasiyası və institusional muxtariyyətin yeni formatda müəyyənləşdirilməsi ilə müşayiət olunur. Azərbaycanda bu proses 2015-ci il “İctimai Hüquqi Şəxslər haqqında” Qanun və onun əsasında qəbul edilmiş normativ aktlar vasitəsilə mərhələli şəkildə həyata keçirilmişdir. Beynəlxalq təcrübədə isə Finlandiyada 2009-cu il Universitetlər Qanunu, Yaponiyada 2004-cü il Milli Universitet Korporasiyaları Qanunu universitetlərin muxtariyyətini gücləndirmək, idarəetmədə kollektiv və müstəqil orqanların iştirakını təmin etmək və maliyyə resurslarının şaxələndirilməsinə şərait yaratmaq məqsədi daşıyır.

Açar sözlər: *ali təhsil, transformasiya, hüquqi status islahatı, universitet idarəetməsi, müəssisə muxtariyyəti, beynəlxalq müqayisə*

Introduction

Around the globe, governments have strived to modernise as well as ameliorate the performance of state universities via altering their lawful standing plus governance models. This pattern has been quite widely covered throughout academic publications, specifically within the framework regarding New Public Management (NPM) changes. Authorities like Fielden (Fielden, 2008) and also Salmi (Salmi, 2009) point out that to grant universities increased institutional autonomy, coupled with a redetermination of their legal identity, has been deemed a course towards improved efficacy, responsibility, and also rivalry. This has been determined. In much the same vein, de Boer, Enders, and Schimank (de Boer, Enders, Schimank, 2007) posit that governance transformations are increasingly targeted at a balancing of state oversight with institutional independence, in consonance with broader public sector reform agendas.

Research

Theoretical framework and literature review

Reforming university governance and legal status often draws on theories of organizational change in public sector management, particularly **New Public Management (NPM)** and the concept of increased **institutional autonomy** in exchange for accountability (Deem et al., 2007). NPM-inspired reforms encourage public entities, including universities, to adopt private-sector management practices, become more outcome-oriented, and operate with greater independence from direct state control (Hood, 1991). In higher education, this has translated into policies that grant universities more freedom in academic, financial, and administrative matters while also introducing performance evaluations and boards with external stakeholders (Schmidt, 2008). The conversion of universities into legal entities separate from the state's core administration is one structural approach to operationalizing these ideas. It is assumed that **autonomous legal status** will enable universities to be more entrepreneurial, responsive, and accountable for results (Salmi, 2007).

In literature the University Autonomy has multiple dimensions, commonly categorized as academic, financial, organizational (governance), and staffing autonomy (Estermann et al. 2011). Academic autonomy refers to the freedom to design curricula, set admission standards, and determine research priorities. Financial autonomy involves control over budgets, ability to generate and retain revenue, and flexibility in expenditures. Organizational autonomy encompasses the capacity to establish internal governance structures and decide on institutional strategy without external interference. Staffing (HR) autonomy means control over hiring, salaries, and employment conditions of faculty and staff. The literature suggests that increasing autonomy in these areas can empower universities to innovate and excel, but it also requires robust internal governance and accountability mechanisms to ensure alignment with national education goals (Neave & van Vught, 1991). Therefore, many reforms couple autonomy with new governance structures such as **boards of trustees or university councils** that include external members representing government, industry, or society (Fielden, 2008). These bodies are intended to provide strategic oversight and link universities to broader societal needs, replacing or augmenting traditional collegial bodies.

At the same time, scholars have noted potential downsides of certain autonomy reforms. **Corporatization** of universities (as seen in Japan and parts of Europe) can lead to tensions between academic values and managerial efficiency (Nakayama 2004). In Indonesia, for instance, the establishment of semi-autonomous universities raised concerns about commercialization and equitable access, as institutions gained leeway to increase tuition and seek private funding (Habibi et al. 2019). Similarly, in Europe, the introduction of private-sector practices in public universities has sparked debates on academic freedom and the preservation of the public good mission of higher education (Shattock 2014). These debates underscore that the transformation of legal status is not merely a technical administrative change; it is a reconfiguration of the relationship between the university, the state, and society.

Legal Entities of Public Law (or public legal entities) represent a particular governance form that lies between traditional government agencies and fully independent private organizations. In civil law jurisdictions, this status grants an organization its own legal personality, meaning it can enter

contracts, own property, and sue or be sued in its own name, rather than as part of a ministry. However, its **founder is the state**, and it typically must serve public functions as defined by law (Law on Legal Entities of Public Law, 2015) Employees may be considered public sector employees (sometimes civil servants, though often under more flexible contractual arrangements), and the entity may receive public funding while also having the right to generate income through paid services. This model is commonly used in civil law systems across Europe for public services such as transportation, healthcare, and education. One of its key characteristics, as defined in the **Law on Legal Entities of Public Law (2015)**, is that such entities cannot be declared bankrupt in the conventional sense, as the state ultimately bears responsibility for ensuring the continuity of essential public functions (**Law on Legal Entities of Public Law, 2015**; see also Neave & van Vught, 1991). In the context of higher education, countries like **Germany and France** have long had universities as legal entities under public law, enjoying considerable academic freedom but within a framework of state supervision and financing (Shattock 2014). The legal reforms in countries like Azerbaijan, Finland, and Japan can be seen as moving their universities toward a similar status.

Several comparative studies have been conducted on university governance reforms. **Vuokko Kohtamäki (2009)** analyzed Finland's autonomy reform, highlighting how a shift in legal status can redefine the power dynamics between the state, university management, and academic staff. Kohtamäki noted that autonomy is a dynamic and multi-dimensional concept, and reforms often raise questions about what kind of autonomy (and for whom) is being increased. For instance, greater financial autonomy for the institution might not directly translate to greater academic freedom for individual professors if new management practices impose top-down strategic goals. Similarly, **Kiyoshi Yamamoto (2004)** provided an analysis of Japan's corporatization of national universities, finding that governance shifted from a monolithic state control to a multi-stakeholder model: universities gained flexibility in resource use and could carry forward surpluses, but they were also subjected to detailed medium-term planning and evaluation by a newly established oversight body (Jiang, Zhang, Shen, 2024).

In summary, the literature suggests that converting universities to a more autonomous legal status is generally aimed at achieving: (a) more effective and strategic governance through independent boards and empowered leadership; (b) diversified funding and better financial management by freeing universities from some state budget constraints; and (c) preservation of academic freedom with accountability for outcomes. However, the actual outcomes depend on the specific legal provisions and how reforms are implemented (Keczer, 2023).

Legal and governance transformations: Azerbaijan and international perspectives

Azerbaijan's higher education sector has undergone several legal and governance reforms since independence, framed by an evolving normative legal framework. Early changes, such as the 1992 Law on Education, aimed to modernize the Soviet-era system by introducing a three-tier degree structure, tuition fees, and private universities. These reforms expanded the higher education network and aligned it with international standards. The current governance is highly centralized: under the 2009 Law on Education, ultimate authority rests with the Cabinet of Ministers and the Ministry of Education. These bodies set national policy, oversee implementation of laws, and even define curricula and standards, leaving limited decision-making to individual institutions. As Kazimli (Kazimli, 2023) observes, Azerbaijan's legal framework rigorously delineates institutional powers within this top-down system, ensuring state oversight at every level. Suleymanov (2020) likewise notes that while numerous policies have been adopted to reform and develop the sector, the core governance structure remains state-driven, with universities operating under detailed regulations and mandates from central authorities.

Within universities, governance transformations have been incremental. Within universities, the governance shifts have thus been incremental. Contemporary policies have ushered in aspects of institutional independence. For example, a limited quantity of state universities have been afforded actual greater jurisdiction over scholarly curricula and entry, notably those specified as pre-eminent establishments or reorganised as state juridical organisations. This partial shift is mirrored in the differential handling of universities such as Baku State University and Azerbaijan State Economic

University following their reorganisation, as outlined in presidential orders and corroborated by analysis in Suleymanov (2020) as well as Mussabayeva & Ivatov (Mussabayeva, Ivatov, 2023). These selected institutions (e.g. Baku State University) receive funding directly from the Ministry of Finance and enjoy slightly more freedom in internal management as stated in the Presidential Order on the reorganization of Baku State University as a public legal entity (President of Azerbaijan, 2019). However, even they must abide by unified state educational standards that regulate curricula, quality assurance, and degree requirements. Most universities continue to be governed by Academic Councils chaired by rectors, but these bodies have historically played more advisory than independent decision-making roles. Efforts to enhance autonomy—such as establishing Boards of Trustees in some institutions—have so far had limited impact, often because such boards include government officials that reinforce state influence. Members that are represented in the Board of Trustees are mostly people having government positions rather than independent or labor market representatives. For example, there are only one independent academic member and one labor market representative in Board of Trustees of Baku State University (Mussabayeva and Ivatov, 2023). Mussabayeva and Ivatov (2023) confirm that despite reform rhetoric, Azerbaijan's higher education governance is still characterized by central control, with any autonomy carefully circumscribed by law. Notably, the State Strategy for the Development of Education in the Republic of Azerbaijan (2013–2025) seeks to gradually increase university autonomy (e.g., allowing universities to design certain curricula), while ensuring compliance with national legislation. This cautious approach reflects an attempt to balance institutional freedom with accountability in the Azerbaijani context (President of Azerbaijan, 2017).

Legal and policy framework for higher education in Azerbaijan

Historical context. Azerbaijan's higher education system emerged from the Soviet model, where universities were state institutions tightly controlled by central authorities. After independence in 1991, Azerbaijan retained a centralized approach for some time – public universities were essentially extensions of the Ministry of Education, with limited autonomy. Rectors (university presidents) were appointed by the government (head of the state), curricula for majors were designed as a state standard that makes them obligatory for all higher education institutions, and finances were allocated through line-item budgets from the Ministry of Finance. Throughout the 1990s and early 2000s, reforms in governance were not changed much. A notable step was the adoption of a new **Law on Education in 2009**, which provided a comprehensive framework for all education levels. The 2009 law affirmed the principle of institutional autonomy in academic and scientific activities to some extent, but practical autonomy of public universities remained constrained (Education Law 2009). Perhaps that was the influence of Bologna process that Azerbaijan joined in 2005. But as a general Azerbaijan universities still did not have full authority over the management of their assets and taking strategic decision on management; they functioned as state budgetary organizations.

Introduction of public legal entity status (2015). A significant legal breakthrough came with the adoption of the Law “On Legal Entities of Public Law” in late 2015 (Milli Majlis 2015). This law established a new organizational form in Azerbaijan's legal system – the “public legal entity” (publik hüquqi şəxs). While not written specifically for universities, it created the opportunity for various state functions (that could benefit from more autonomy) to be carried out by semi-autonomous entities. According to the explanatory notes of the legislative framework and accompanying presidential orders, the rationale behind introducing public legal entity status was to ensure the execution of socially important state functions in a more flexible and efficient manner, within the framework of administrative and financial autonomy (Law on Legal Entities of Public Law, 2015; Presidential Order on the establishment of public legal entities in the education sector, 2017).

Public legal entities in Azerbaijan have several defining features: they are founded by the state (by a relevant government body or by presidential decree), they serve public purposes defined in their charters, and they operate under public law regulations. Importantly, unlike private entities, a public legal entity cannot declare bankruptcy or cease providing essential services arbitrarily – the state carries ultimate responsibility for its obligations. They can engage in revenue-generating activities (within the limits of their mandate) and can be funded by a mix of state budget funds and self-earned income. Their employees may be considered part of the wider public service, and contracts can be governed by administrative law for certain positions.

Soon after this law was passed, Azerbaijan began applying it to reorganize public institutions, including those in education and research. The change was likely influenced by examples in other countries and the perceived need to grant more **financial and managerial autonomy** to institutions to improve their performance (Republic of Indonesia, 2012).

Presidential decrees and university charters. The transformation of higher education institutions into public legal entities in Azerbaijan has been executed through specific decrees and orders. The President of Azerbaijan, wielding constitutional authority to reorganize state institutions, issued a series of decrees from 2016 onward to convert universities. One of the earliest cases was the Azerbaijan University of Languages. On June 16, 2017, President Ilham Aliyev signed an order “On reorganizing the Azerbaijan University of Languages” which stated that the University would be reorganized into a public legal entity under the Ministry of Education. This decree explicitly gave the university a new legal status and tasked the Cabinet of Ministers with drafting the charter (nizamnamə) for the university as a legal entity and making necessary legal adjustments. The decree also clarified that until the new entity was formally registered, the university would continue to operate under the old status, ensuring continuity.

Table 1. Azerbaijan: major universities’ legal status transformation.

University	Status before (pre-2015 model)	Status after transformation (public legal entity)	Legal instrument & date
Baku Engineering University (BEU)	State university (subordinate to Ministry; no separate legal personality; funded by state budget)	Public legal entity under Ministry – “BEU” with approved new charter. Board was established.	Presidential Order No. 2429, 8 November 2016. Some changes done on 20 May 2022
Azerbaijan University of Languages (AUL)	State university (subordinate to Ministry; no separate legal personality; funded by state budget)	Public legal entity under Ministry of Education (autonomous charter, own balance sheet). Board has not yet established since 2017.	Presidential Order No. 3106, 16 June 2017
Baku State University (BSU)	State university (oldest national university, direct state institution)	Public legal entity under Ministry – “BSU” with approved new charter. Board was established and led by the Ministry of Education.	Presidential Order, Feb 2019
Azerbaijan State Economic University (UNEC)	State university (Ministry-supervised)	Public legal entity under Ministry (renamed as UNEC PLE)/ Board has not yet established.	Presidential Order, Feb 2019 (simultaneous with BSU)
Azerbaijan State Pedagogical University (ASPU)	State university	Public legal entity under Ministry with new charter. Board has not yet established.	Cabinet of Ministers Decision, Aug 2022
Azerbaijan State University of Culture and Arts	State university (Ministry of Culture affiliation)	Public legal entity under Ministry of Science and Education. Board has not yet established.	Cabinet of Ministers Decision, Aug 2022

Sources: Presidential decrees and Cabinet decisions as reported in official bulletins.

As shown, the process accelerated around 2019 when flagship universities like BSU and UNEC were converted by Presidential order (these orders also approved their new charters). By 2022, the Cabinet of Ministers reorganized further institutions via decisions, for example converting the State Pedagogical University and the State Oil and Industry University, and approving their new statutes as public legal entities. Additionally, a large number of vocational and specialized colleges were transformed in one sweep by an order of the Prime Minister in 2021. Collectively, these actions indicate a systematic policy to bring all public HEIs under the new model.

Governance under the new model. The governance structure of universities as public legal entities is defined in their charters. Typically, these charters (approved by the government) establish a **Governing Board or Trustees Council** as a top decision-making body, alongside the Rector. For instance, the charter of Baku Engineering University (one of the first institutions created as a public legal entity in 2016) outlines a Supervisory Board that oversees the university's activities and a Rector who manages day-to-day operations. While the precise composition varies, such boards often include representatives of the founding ministry, independent experts, and sometimes industry or community figures. This is a departure from the previous model where universities were mainly governed by a Rector and an Scientific Council of academics. The introduction of external stakeholders is aimed at enhancing transparency and strategic guidance (Sultanov 2017). According to education officials, granting universities PLE status enables **more agile decision-making** in areas like approving internal regulations, academic programs, and partnership agreements, since the university's leadership can act under its own charter authority rather than awaiting ministry instructions (Ministry of Education report, 2018).

Another governance aspect is the role of the Ministry (now the Ministry of Science and Education) as the founder. The founder has certain reserved powers, such as appointment of the Rector (still typically made by the President or by the recommendation of the Ministry), approval of the budget, and oversight of compliance with national laws. The Cabinet's decisions often mention "those exercising the authority of the founder" and require proposals for how that will be structured. In practice, this means that while universities have autonomy, the Ministry or government can still intervene or set broad policy directions, reflecting a model of **autonomy with accountability**.

Autonomy and accountability: The Azerbaijani government has framed the move to public legal entities as a way to increase university autonomy while ensuring they remain accountable to the public. Autonomy has increased in terms of internal management (hiring staff, setting internal salary supplements, making academic decisions), but key appointments (rectors) and strategic decisions still involve government approval. Universities must also **report on their activities** to their founder. In fact, new public legal entity universities are often required to produce annual reports and can be subject to performance audits by state authorities or supervisory boards (World Bank, 2018).

Legal provisions also maintain that these entities operate under the laws of Azerbaijan pertaining to education. For instance, they must comply with state education standards, and their degree programs need approval or accreditation by the Ministry's quality assurance agencies. Thus, academic autonomy, while improved in everyday terms (like more freedom to introduce new courses or collaborations), is not absolute.

Policy documents. Apart from laws and decrees, policy strategies in Azerbaijan have emphasized university autonomy. The **State strategy for development of education (2013)** and subsequent action plans called for modernizing higher education management. They implicitly supported granting more decision-making power to universities to make them more competitive internationally (Ministry of Education, 2015 strategy report). By the time the public legal entity law was in place, the policy climate was favorable to piloting this new model in higher education.

In summary, Azerbaijan's legal and policy framework since 2015 has laid the foundation for a new model of higher education governance. As public legal entities, universities in Azerbaijan are expected to function with greater autonomy in governance and financial matters, similar in spirit to how many European universities operate. This marks a clear "before and after" distinction:

- **Before:** universities had a legal status as a state university, operated strictly under ministry oversight, with limited independence in financial activity, and governance was largely coordinated (rector + academic council) by state centralized system.

- **After:** universities are legally independent organizations under public law, capable of making many decisions via their own governing bodies, managing a mix of state and private funds, and bearing responsibility for their performance, though still accountable to the government as founder.

The effectiveness of these changes is a subject of ongoing observation. To better understand Azerbaijan's reforms, the next section compares them with similar transformations elsewhere.

Finland: universities as independent corporations

Finland undertook a major reform of university governance with the passage of the Universities Act (No. 558/2009), which came into force in 2010. Prior to this, Finnish universities were part of the state, with staff as civil servants and finances handled through the state budget. The 2009 Act redefined universities either as **independent corporations under public law or as foundations under private law** (if they chose the foundation route, as in the case of Aalto University) (MinEdu Finland 2009). This reform was intended to strengthen institutional autonomy, enhance strategic management, and improve universities' global competitiveness (Kohtamäki 2009).

Under the new law, all universities were removed from the national accounting on January 1, 2010 – effectively, they became separate legal persons. The state provided each university with an initial capital endowment (including campus property or significant funds) to ensure financial stability. University employees ceased to be civil servants; they transitioned to private employment contracts under the university. Governance was overhauled: each university must have a **Board**, a **Rector**, and a **Collegium**. The Board is the highest decision-making body, with a mandated inclusion of external members (often 40% of board members must come from outside the university community, e.g., from industry or public life) (Eurydice, 2021). The Board appoints the Rector and approves strategy, budget, etc. The academic community is represented in a University Collegium which, among other tasks, appoints the external auditors and can dismiss the Board if necessary (Aarrevaara et al., 2009). Traditional faculty senates were largely replaced or had their role diminished, marking a shift from collegial governance to a corporate board governance model.

Financially, Finnish universities gained more flexibility: they can own property, take and give donations, set tuition for non-EU international students (a change introduced later), and carry over surplus. However, they still receive a large block grant from the government based on formulas (linked to performance indicators such as degrees granted, research output). The government funding comes with performance agreements – a form of accountability (Ministry of Education and Science of Azerbaijan, 2013).

In summary, Finland's reform gave universities a high level of autonomy in governance and finances while maintaining public funding and a framework of accountability. The outcome has been generally positive in terms of management agility – Finnish universities report quicker decision processes and more active strategic development after the reform (Aarrevaara et al. 2009). However, challenges such as financial pressure (especially after government funding cuts in the 2010s) and the need for capacity-building in new governance roles were noted. The Finnish case is instructive for Azerbaijan in showing the importance of ensuring universities have sufficient financial support when autonomy is increased, as well as clear definitions of the roles of new governing bodies.

Japan: national university corporations (incorporation reform of 2004)

Japan undertook a dramatic transformation of its national universities in 2004. Before this reform, national universities in Japan were essentially part of the Ministry of Education (MEXT). Professors and staff were national civil servants, and universities had very limited independent decision-making; budgets and even hiring were controlled by the ministry's administrative rules. In April 2004, the **National University Corporation Act** came into effect, turning 87 national universities into **National University Corporations (NUCs)** (Yamamoto 2004). Each university became a **juridical person** under public law, no longer a sub-unit of the ministry but a separate corporation with its own management, though still fully state-owned. The goals of the reform, often described as introducing

NPM principles, were to encourage competition, improve efficiency, and allow universities to differentiate themselves by pursuing unique strategies (Yamamoto 2004; MEXT 2003 White Paper).

Under the new system, governance changed significantly. Each NUC has a **University President** (chosen through a process involving a selection committee, and formally appointed by the Minister but effectively by the university council's recommendation) and a **Board of Directors** (including vice presidents) responsible for management. Additionally, an **External Council (Board of Councilors)** was established for each university, comprising stakeholders from outside academia (industry leaders, local government, etc.), which advises on management and ensures public accountability (Yamamoto, 2007). The faculty senate (academic council) continues to exist but mainly handles academic matters and advises the president; it no longer holds ultimate authority over university governance as it might have before. Thus, decision-making became more top-down within the university, centered on the President and executive board, with input from external members – a notable shift from the previous collegial model.

For Azerbaijan, Japan's example underscores the importance of capacity for self-management: Japanese universities had to rapidly adjust to managing their own payroll, procurements, and strategic plans – tasks previously done by civil servants. Adequate training and a cultural shift towards a more business-like approach in university administration were necessary. Azerbaijan's universities may similarly need to develop new administrative competencies as they transition away from ministerial control. Furthermore, Japan's experience suggests that granting autonomy should be accompanied by stable funding or at least a clear funding strategy; otherwise, institutions may face financial stress that could undermine academic goals.

Conclusion

The conversion of higher educational institutions into public legal entities in Azerbaijan represents a critical juncture in the development of the country's higher education system. This reform, rooted in legislation from 2015 and implemented through subsequent decrees, mirrors international trends aimed at increasing university autonomy, modernizing governance, and improving responsiveness to societal needs. Through extensive analysis of legal documents, policies, and comparative case studies (Finland, Japan, among others), this paper has elucidated how such transformations reshape the governance structures, financial frameworks, and autonomy levels of universities, and what these changes imply both in principle and in practice.

In Azerbaijan, the shift from state-controlled universities to public legal entities marks a **“before and after”** watershed. Before the reform, universities had little independent agency: they operated under ministerial oversight with finances and decisions largely directed by the government. After the reform, universities like the Azerbaijan University of Languages, Baku State University, and others now function with distinct legal identities, possessing their own charters, governing boards with (at least some) external representation, and the ability to manage funds and internal affairs with greater freedom. These changes align Azerbaijan's higher education governance more closely with models found in many European countries. The reform has been driven by the recognized need for universities to be more flexible and innovative – qualities that are difficult to foster under rigid state bureaucracy.

From these comparisons, a few **key conclusions** emerge:

- **Autonomy is a means, not an end:** Transforming legal status is fundamentally about empowering universities to take initiative and improve. However, it does not automatically guarantee success. What universities do with their newfound autonomy – the strategies they pursue, the reforms they implement internally – will determine outcomes. Thus, ongoing support and oversight remain crucial. Azerbaijan's universities will need to cultivate strong internal governance and management cultures to capitalize on their new status.

- **Governance structures matter:** The introduction of boards/councils with external members in all examined cases (including Azerbaijan) is aimed at enhancing oversight and bringing in fresh perspectives. The effectiveness of these bodies depends on their composition and the extent of their

authority. Azerbaijan should ensure its university boards are composed of competent and diverse stakeholders and that they operate transparently. This will build trust in university decisions and can also help rally external support (financial or otherwise) for the institution.

- **Financial flexibility must be balanced with sustainability:** With greater control over budgets, universities can allocate resources more optimally and pursue income-generating activities. Yet, the state must continue to invest in higher education, especially for areas that are not lucrative but are socially essential (like basic sciences or scholarship programs). Additionally, mechanisms like matching grants for private donations or performance-based funding can encourage universities to be entrepreneurial without neglecting their core educational mission. Azerbaijan might consider such funding innovations as the reform matures.

- **Legal and policy coherence is crucial:** Autonomy reforms cut across various legal domains. The success in Finland and Japan was partly due to comprehensive legal changes that clearly defined new roles and removed contradictions (e.g., labor laws, financial laws). Azerbaijan should continue to refine its legal framework – for instance, by updating the Law on Education and related regulations to fully integrate the concept of public legal entity universities. Any ambiguities in the division of authority between the state and the universities should be clarified to avoid conflicts and delays.

- **Monitoring and evaluation:** Establishing a culture of accountability is key. The transformed system should include regular monitoring of how universities perform under autonomy. This could involve annual reporting requirements, independent evaluations every few years, and stakeholder feedback (including from students and employers about the quality of education). Adjustments to policy can then be made based on evidence of what works and what doesn't. For example, if some universities struggle to use their autonomy effectively, targeted interventions or even reconsideration of leadership might be necessary.

In conclusion, the transformation of Azerbaijani universities into public legal entities has the potential to make opportunity for them to be flexible in management and decision making and work closely with labor market playews. And this, in its term, might significantly enhance the quality and competitiveness of higher education in the country. By granting institutions greater autonomy, Azerbaijan universities are legally equipping to become innovative in designing and implementing study programs, improving management practices, engage in external research collaborations, and respond to the evolving demands of integration to reginal and global economy. International case studies show that while the path of autonomy brings challenges – from financial risks to cultural shifts – the end result can be universities that are more **efficient, accountable, and attuned to the needs of students and society.**

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