



# International Conference of Economics, Finance and Accounting Studies

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## Improvement of the Management System of Higher Educational Institutions Operating on the Basis of Financial Independence

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### ABSTRACT

This article analyzes the issues of improving the management system of higher education institutions operating on the basis of financial independence. The reforms implemented in Uzbekistan during 2020–2024, the institutional and practical manifestation of financial independence, and factors affecting its effectiveness are considered. Based on the analysis of international experience, appropriate proposals for the national system are developed. Also, practical recommendations are given on improving strategic planning, internal financial autonomy, human resources capacity, and accountability mechanisms in higher education institutions.

**Keywords:** Higher education, financial independence, governance system, strategic planning, accountability, university autonomy, education reforms, domestic revenue, human resource capacity, institutional stability.

**Introduction.** In the current environment of globalization and competition, higher education institutions are required to function not only as centers of knowledge provision, but also as strategic centers of scientific research, innovation, and training of personnel in accordance with the needs of society. In such conditions, it is of urgent importance to economically stabilize the activities of universities as organizations, to transform them into institutions capable of independent decision-making, capable of meeting market demands, and realizing their full potential.

As part of the state policy aimed at fundamentally reforming the higher education sector in Uzbekistan, a number of higher education institutions have been granted financial independence in recent years. This process allows universities to move away from the strict financial parameters set by the state and form their own sources of income, effectively use internal resources, and provide material and organizational support for educational and scientific processes.

At the same time, practice shows that granting financial independence is not enough - for its effective implementation, an appropriate management system must also be adapted. Universities are faced with the task of effectively managing financial freedom, making decisions based on

strategic plans, strengthening responsibility and accountability mechanisms, and rationally distributing powers between internal structures.

In this process, it is becoming clear that traditional administrative-bureaucratic management models are becoming ineffective, and there is a growing need for new management systems capable of introducing modern management tools, financial planning, risk assessment, and proper resource allocation. In this regard, one of the important tasks is to improve the management models of higher education institutions operating on the basis of financial independence, and to revise them based on advanced international experiences and national characteristics.

Another important aspect of the topic is to ensure a balance between independence and accountability. If universities are financially independent, but lack accountability and efficiency mechanisms, independence can lead to financial instability, inappropriate use of resources, and a decline in education. Therefore, the topic is relevant not only from the point of view of economic, but also from the point of view of institutional and social stability.

Also, the experience of universities that occupy high positions in global rankings shows that financial independence has allowed them to invest in innovative projects, carry out commercialized scientific developments, increase human resources capacity, and modernize educational infrastructure. This has increased their competitiveness on a global scale.

The national importance of the topic lies in the fact that the decisions and decrees of the President of the Republic of Uzbekistan aimed at reforming higher education have set the transition of universities to financial independence as a strategic task. However, for the effective implementation of these decisions, it is necessary to adapt the management system, that is, to form analytical, dynamic management mechanisms that can respond to financial independence.

**Review of relevant literature.** The issue of financial independence and university governance has been widely studied in the international and national scientific environment. There are various theoretical approaches, models and practical analyses in this area, the general conclusions of which are that financial independence increases the efficiency, innovative potential and competitiveness of universities. However, this process does not happen automatically - independence without effective governance mechanisms can cause problems.

BR Clark, in his famous model of “Entrepreneurial Universities,” emphasizes the importance of initiative, diversified sources of finance, and internal autonomy in the functioning of universities. According to his research, when universities have financial independence, they are able to effectively use internal resources, freely formulate strategies, and adapt to market needs.[1] However, Clark emphasizes that if such independence is not balanced with internal control and accountability mechanisms, it can lead to instability in management rather than efficiency.

Reports prepared by international organizations such as the World Bank and UNESCO have noted that granting universities financial autonomy can improve the quality of education, enhance innovation, and ensure international mobility.[2] However, these reports also emphasize that this success is closely linked to institutional capacity, transparent governance, and the existence of an internal audit system.

National This issue is also widely discussed in research. illuminated. Q. Abdurakhmanov his/her own supreme education in institutions financial independence current of reaching legal and economic the basics deep analysis would do that’s it independence institute as universities for new management model and requires mechanisms record will.[ 3] His to the mind according to , Uzbekistan under the circumstances management of the staff knowledge and potential enough absence , institutional of the system still centralized due to , financial from independence expected results complete done It is not increasing .

Sh. Karimov himself in the study financial independence clear criteria absence, regulatory and legal of the basics general and less analytical that criticism does.[4] He points out that many universities financial independence traditional, bureaucratic management model save remains,

this and their new economic to the conditions adapt is slowing down.

M. Toshpulatov and management models' analysis through determines that the financial independence only financial or calculation system change not, maybe the university fundamentally update process. [5] His stating that innovative management models, including strategic management, risks management, internal audit and KPI systems current unattainable yes, independence institutional to grow take will not come.

Critical point of view from the point of view when viewed, there is in literature more ideological approaches advantage does, to practice related analyses and concrete mechanisms less studied. Especially local under the circumstances independence in practice How effective was it? to obstacles face coming and how approaches effective happened about empirical research enough not. Therefore, this in the matter practical based on analysis relied on scientific to work need increasing is going on.

**Research methodology.** Financial independence based on activity indicative supreme education management system of institutions improvement the methods of systematic analysis, historicism and logic, induction and deduction, analysis and synthesis, comparative and selective research, monographic analysis and grouping were used.

**Analysis and results.** Financial independence is an important condition for strategic and institutional development, representing a new stage in the activities of higher education institutions. Today, in the global educational space, universities are expected not only to train highly qualified specialists, but also to develop scientific potential, create innovative solutions and ensure economic stability. To achieve these goals, universities must become financially independent, proactive and capable of fully realizing their potential.

In recent years, the sharp increase in the number of higher education institutions in Uzbekistan, the expansion of the student contingent, and the diversification of types of education have placed new financial and managerial demands on these institutions. This has made the centralized, strictly regulated system ineffective. Financial independence, on the other hand, allows higher education institutions to freely assess their capabilities , determine their internal needs, and connect them with financial sources.

**Table 1. Information on the income of higher education institutions with a degree of financial independence**

Name of higher education institutions	Average annual budget	Government at the expense of (%)	Internal income (%)	Result (%)
Tashkent State University of Economics	12,000,000	68	12	10
Samarkand State University	9,500,000	72	18	10
Fergana Polytechnical Institute	6,800,000	75	15	10

Analyzing the data presented in the table, in the considered universities in 2020-2024, the state budget allocated to them is 68-75%, and internal revenues (payment-contract, scientific grants and other sources) are only 15-22%. This indicates a situation contrary to financial independence: universities are still operating in dependence on the central budget.

**According to the growth of domestic revenues and structural changes:** in 2020, the largest contribution will be made by the possibility of payment-contracts - 71% of total expenses; from 2022, the diversification of educational services - distance learning, "second specialty", evening courses - is actively developing.

The growth of internal revenues based on diversification is serving as an important mechanism for universities to transition to financial independence. Funds received through distance learning

and contracts are showing that universities are increasing their own resources.

**Conclusion.** Granting financial independence to higher education institutions is one of the most important reforms in the education system of Uzbekistan today. This is a prerequisite not only for ensuring the economic stability of universities, but also for increasing their competitiveness, strengthening their innovative potential, and achieving fundamental changes in education as a whole. However, practical analysis shows that currently many universities are not fully utilizing this opportunity.

Educational institutions that have achieved financial independence lack clear mechanisms for strategic financial planning, effective cost management, formation of internal revenue sources, and implementation of investment projects. At the same time, staff qualifications, limited use of digital management tools, and the lack of clear lines of authority and responsibility in academic and administrative structures still remain serious problems.

This attitude with, the following offer and recommendations practical importance has:

1. Financial strategic management centers current Universities in the presence of strategic planning, budget analysis, risks assessment and accountability monitoring with practitioner specialized structures organization to grow necessary.
2. Internal financial autonomy strengthens: Faculty, department and scientific to the centers own budgets formation and from funds use realistic chance of to give through innovative to activity incentive create necessary.
3. Financial literacy and personnel qualification promotion: University leadership and finance-economics department employees for special again preparation courses, practical trainings and certification programs current to grow necessary.
4. Financial activity rating and KPI system Link: University activities financial indicators efficiency, innovation and education quality with tie through assessment system formation need.
5. Accountability and transparency mechanisms Strengthening: All financial operations open electronic platforms monitoring through the public control system reinforcement necessary.
6. International experience and models localization: Finland, Singapore, Kazakhstan and South Korea such as countries from experience used without, national to the features suitable management models working exit and step by step current to grow to the goal according to.

Conclusion as in other words, financial independence institute as complete formation for finance, management and organization in the fields innovative approaches practical reforms with requires harmonization. Only that's all supreme education institutions complete independent, efficient and competitive to the system rotation possible.

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