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## **ADMINISTRATIVE AND FINANCIAL CHALLENGES ENCOUNTERED BY THE PUBLIC UNIVERSITIES IN SRI LANKA**

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### **Abstract**

*The heralding of the university system in Sri Lanka with a single university in 1942, currently comprises of 15 universities. The University Grants Commission being its pinnacle. Thus the university system in Sri Lanka continues to exist with all of the typical problems of a state owned monopoly. This paper will explore and critically review the pressing issues in public universities. Initially the literature review was used to examine the existing Higher Education System in Public Universities. Data is heavily drawn from the University Grants Commission's statistical reports along with annual report data and tables published by various Public Universities and was statistically analysed using quantitative techniques. Attracting a pool of talented staff is a major issue seen in Public Universities. Offering low basic salaries hinders the advent of talented MBA/engineering degree holders whereas private sector rich with attractive salaries is in the forefront. Figures reveal that the percentages of those who left were more than those appointed in years 2011 and 2013 in the Administrative, Finance and Administrative Others category. The present management and administrative capacity of universities are comparatively underdeveloped in lagging regions. Sadly till 2013, there were no professors in the Uva Wellassa and South Eastern Universities.*

## **Keywords**

Administrative, Financial, Challenges, Public Universities, Sri Lanka

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## **1. Introduction**

The roots of the modern university system in Sri Lanka dates back to 1921 when a University College, the Ceylon University College was established at the former vicinities of Royal College, Colombo affiliated to the University of London. However the beginning of modern Higher Education in Ceylon was in 1870 when the Ceylon Medical School was established.

At present, the university system in Sri Lanka beginning with a single university in 1942, currently comprises of 15 universities operating under the Universities Act No: 16 of 1978. At the pinnacle of this system is the University Grants Commission (UGC). Thus the university system in Sri Lanka continues to exist with all of the typical problems of a state owned monopoly. This paper will explore and critically review the pressing administrative and financial issues in Public Universities in Sri Lanka.

## **2. Methodology**

This assignment draws heavily from UGC's statistical reports and uses annual report data and tables published by various public universities of Public Universities in Sri Lanka. Further *The Towers of Learning: Performance, Peril and Promise of Higher Education in Sri Lanka*, South Asia Region, World Bank, book too was immense help to gather data.

## **3. Review of Related Literature**

In a study by Chandrasiri (2003) government expenditure on Higher Education was found as 0.53 of the GNP. Further the increase in expenditure on Higher Education was 1.8 times between the years 1983 and 1997. Besides, this is quite low by the standards of developing countries, particularly compared with the Asian region countries.

For example, in 1995, the commitment of public current spending on Higher Education was 12.2% of total public current spending in Sri Lanka as against 13.7%, 13.2%, 19.4% and 16.8% by India, Pakistan, Thailand and Malaysia respectively (UNESCO, 1998 cited in Chandrasiri, 2003)

Thus it is necessary that alternative sources of funding covering both public and private sector need to be developed at least to maintain the present status of the Higher Education sector

in Sri Lanka. Further the University Education system in Sri Lanka is confronted with severe dearth of quality inputs such as libraries, laboratories, scientific equipment, science, medical and engineering equipment and materials.

According to Chandrasiri (2003), his findings reveal these important points: Firstly as the cost structure of Universities is heavily influenced by remuneration to both academic and non-academic staff and hence it is less responsive to cost control measures.

Secondly, Universities in Sri Lanka have been heavily dependent on state funds and have put little effort in generating income from non-government sources.

When consider recurrent expenditure, it comprises four major cost items: general administration and staff services, academic services, welfare services and maintenance services. Cost per student will decrease as the student enrolment increases due to economies of scale. Thus according to work by Chandrasiri (2003), it has been found that the quality and commitment of non-academic cadres have deteriorated significantly as they are least affected by modern management techniques and continue to function in a protected segment of the labour market. For instance, half of available vacancies for promotion are reserved for internal staff and they are heavily protected by University sector Trade Unions.

In addition this study reveals that a 10% increase in non-academic staff may increase the unit cost of undergraduate programmes by 6%. Even after contracting out some incidental secondary activities such as janitorial and security services, there has been a disproportionate increase in non-academic cadre costs of universities over the past.

When consider capital expenditure, this study done by Chandrasiri (2003) bring to light that the resource allocation mechanism is highly centralised and inflexible as the central government allocates a block grant to the UGC on annual basis to be distributed among universities based on normative criteria. For instance one challenge the Dean, Head of a department or a Senior Professor faces is s/he has no power to hire a research assistant even on temporary basis. Further a Dean or Head has less authority to approve a payment (can approve payments only up to Rs10000 and Rs7500 respectively) whereby triggering massive delays and discouraging development oriented initiatives at the faculty and departmental level. The works of Chandrasiri (2003), further suggests, that each department should be given freedom to use the internally generated resources on approved items for the improvement of quality of Education without much restriction.

Since Universities are faced with severe dearth of funds, University Education is heavily underfunded. Five different sources of revenue generation are suggested in the works carried out by Chandrasiri (2003), namely students and their parents, industries/services, alumni and other

philanthropists and international sources. International experience varies from country to country with respect to the use of these strategies.

The use of tuition fees as a strategy to shift costs from the government to students/parents has been in place in many developed and less developed countries. Evidence also shows that every year at least 2500 students from Sri Lanka go abroad for Higher Education by paying full educational expenses in foreign currency.

Studies done brings to light that demand for education quality is greater among the wealthy households, families with better educated parents and those with fathers in higher level occupations. And such findings impart evidence in support of cost sharing mechanisms to generate additional funds.

In addition, more and more developing countries like Vietnam, Chile, Jordan and Republic of Korea have been swinging costs from the tax payer to parents and students in the form of tuition fees. These countries share of income from student fees account for 22%, 36%, 40% and 46% of recurrent expenditure respectively<sup>1</sup>.

Furthermore, work done by Chandrasiri (2003) reveals that the composition of University entrants shows that at least 25% of them are upper middle and high income segment of the population and the students from these families are in a position to share the private costs of University Education. In fact the top 20% of income receivers in Sri Lanka account for 53% of total national income. And hence the introduction of cost-sharing mechanisms would be a positive step towards expanding University Education by reallocating subsidies granted to wealthy socio-economic groups to the poorest. In this context, a student loan scheme is another strategy by which costs could be shifted to users, while maintaining accessibility. According to the World Bank report, in 1994, developed and developing countries have used this approach although their experiences have been disappointing. The positive experience of countries like Columbia shows that such mechanisms are effective with suitable collection schemes and with appropriate interest rates.

Another option for this is mobilization of donations and endowments from alumni and private industry. Further international cooperation is one of the most important non-government funding source. However, this cannot be treated as a system wide initiative as it is limited only to a few faculties of well-established universities.

Entrepreneurial orientation at University level is another potential avenue for non-governmental funding, as it fosters the development of a market oriented institutional culture and helps to establish cooperative links with the industry in terms of training opportunities for students etc. But this was seriously kered by various administrative and financial regulations.

## 4. Findings

The Ministry of Higher Education (MHE) and the UGC are faced with a superfluous administrative workload due to the number of operational decisions that need to be taken, and

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<sup>1</sup>The Towers of Learning: Performance, Peril and Promise of HE in Sri Lanka, SAR  
Region, World Bank: July 2009

this ultimately limits their time and attention for high level policy matters. Entrepreneurialism, initiatives and creativeness are reduced in universities because of central controls. Delays can also accumulate while the central institution makes decisions.

For instance, when a teacher or an officer is applying for leave s/he should submit the application to the Academic Establishments Branch of the respective University, one week before the departure and this application should be submitted to the UGC two weeks before the departure, thus a leave application needs to be submitted at least three weeks ahead the departure date and such approvals that need to be taken might put the respective teacher or officer not accepting a valuable training opportunity etc. in the event when s/he is informed about it at the last minute. Similarly new projects that need to be approved takes a longer time to get the approval from the relevant authorities mainly from UGC.

Secondly, although the governance of universities is built on the commonwealth model, it has missed some of the modern developments which are considered and included in this model. Unlike in more advanced higher education systems in the common wealth countries like UK, Australia and Canada, there is no normative funding system for public Universities in Sri Lanka. Instead recurrent funding among individual universities is largely based on historical levels and capital funding is based on negotiations between individual institutions. The institutional structure of Higher Education Institutions (HEI) in Sri Lanka is characterized by a greater degree of involvement by central authorities than is common in more advanced higher education systems in other countries. As a result, the present management and administrative capacity of universities are comparatively underdeveloped, particularly in the case of more recently established, new universities in the lagging regions, like northern and eastern province.

One administrative concern that University staff considers as extreme central control is the centralized administrative service which allows the administrative staff to be transferred within the university sector. Thus the staff changes table 2 shows that transfers have occurred in the years 2013 and 2014, only in Administrative, financial & admin other category, not in other

categories of staff. This is 20% and 50% out of those who left in the years 2013 and 2014, which is a considerable amount.

**Table 1: Staff changes at University of Colombo during the years 2011-2014**

	2011		2012		2013		2014	
	New Appointment	No. Lef	New Appointment	No. Lef	New Appointment	No. Lef	New Appointment	No. Lef
Academic	24	19	29	22	32	14	22	15
Academic	6	4	4	5	7	1	10	6
Administrative, Finance, Administrative others	4	9	11	8	4	10	8	6

Source: Annual report – University of Colombo

**Table 2: Staff changes (in detail) at University of Colombo during 2013 and 2014**

	Academic		Academic Support		Administrative, Finance,	
	2013	2014	2013	2014	2013	2014
Transfers	-	-	-	-	2	3
Release	1	1	-	-	-	-
Retirement	-	11	-	-	7	1
Resignation	9	3	1	5	1	2
Vacation of post	2	-	-	-	-	-
Termination	-	-	-	-	-	-
Interdictions	-	-	-	-	-	-

Source: Annual report – University of Colombo

Further Sri Lanka underinvests in Higher Education in comparison to middle-income countries and other developing countries, whereby a substantially smaller portion of Sri Lanka's wealth and a smaller portion of its total public budget is spent on education than its competitors<sup>2</sup>.

Asian countries as a whole under-invest in education. Despite the fact, Sri Lanka invests less in education than the South Asian average. Since Sri Lanka faces a different fiscal environment in the contemporary global economic context, there is less room to expand public funding for the higher education sector over the short run.

Another issue most public universities are confronted with is attracting a pool of talented staff. For instance, the Works Engineer or a Junior Executive officer starts with a basic salary of Rs 26020. Such low salaries are difficult to attract a person who has an engineering degree or a MBA holder to the post of Junior Executive category, as the private sector offers more fringe benefits and attractive salaries for the same qualifications. As a result, lack of adequate talented

professionals exist in the public university system. According to the staff changes tables 1 & 2 show, compared to the new appointments done in the

Administrative, Finance & other category, more than those who were appointed in the years 2011 and 2013, the percentages of those who left are more. Furthermore table 2 reveals, out of those who left 10% have left due to resignation. This percentage has increased to 33% in

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<sup>2</sup>The Towers of Learning: Performance, Peril and Promise of HE in Sri Lanka, South Asia Region, World Bank: July 2009

the year 2014 in this category of staff. Besides another reason these staff changes occur as all these staff categories seek for greener pastures.

The table 3 shows few numbers exist as professors in the public university system. Further according to the data till the year 2013 there were no professors in the Uva Wellassa University and South Eastern University.

In addition when consider lecturers who are PhD holders, professors including Senior Professors and associate professors another problem is they seek for greener pastures as foreign countries offer more lucrative opportunities for them than Sri Lanka. Further when consider University of Peradeniya, the data reveals that 17% professors exist out of the whole academic and academic support staff category, which is a very small population for a reputed well established university in Sri Lanka and in the world. Further the data shows that this value has reduced from 17.6% which was recorded in the year 2012.

**Table 3: Professors as a percentage of the academic & academic support staff**

	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>University of Colombo</b>	<b>16.6</b>	<b>19.9</b>	<b>18</b>
<b>University of Peradeniya</b>	<b>16.4</b>	<b>17.6</b>	<b>17</b>
<b>University of Sri Jayawardanapura</b>	<b>16.1</b>	<b>17.1</b>	<b>17.8</b>
<b>University of Kelaniya</b>	<b>21.4</b>	<b>20.8</b>	<b>19.4</b>
<b>University of Moratuwa</b>	<b>15</b>	<b>16</b>	<b>14.2</b>
<b>University of Jaffna</b>	<b>11.1</b>	<b>9.7</b>	<b>6.1</b>
<b>University of Ruhuna</b>	<b>12.9</b>	<b>15.7</b>	<b>14.1</b>
<b>Eastern University of Sri Lanka</b>	<b>1.1</b>	<b>1</b>	<b>0</b>
<b>South Eastern University of Sri</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Rajarata University of Sri Lanka</b>	<b>3.7</b>	<b>3</b>	<b>2.7</b>

<b>Sabaragamuwa University of Sri</b>	<b>5.5</b>	<b>4.5</b>	<b>3.6</b>
<b>Wayamba University of Sri Lanka</b>	<b>11.4</b>	<b>9</b>	<b>7.7</b>
<b>Uva Wellassa University of Sri</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>University of Visual &amp; Performing</b>	<b>8.1</b>	<b>9.6</b>	<b>11.5</b>
<b>Open University of Sri Lanka</b>	<b>6.2</b>	<b>6.5</b>	<b>6.9</b>

Similarly, at the University of Moratuwa who produces mostly engineering graduates, the academic staffs which consist of PhD professors have decreased from 16% to 14.2% in the years from 2012 to 2013, which is a vast shrinkage. Thus it shows more and more qualified staff seek greener pastures as they offer lucrative salaries, which is a major challenge that the administrators have to deal with. Refer annexures I, II and III

In addition, another significant administrative challenge is the staff changes that occur in the public universities in Sri Lanka. When analysed it can be seen that most staff changes due to retirement has caused a major problem in the public university system. For instance, in the year 2014, in University of Colombo 73% of those who left with respect to the academic staff is due to retirements. Thus every year a major portion of educated PhD holders, i.e. professors retire due to completion of 65<sup>th</sup> birthday. Although lecturers are recruited as probationary etc. to fill these cadre positions, it is difficult to find suitable persons that of similar to those who retired, which is a major challenge which the administrators have to address at the present context. Further it has been also observed that those who go on study leave do not come back after completing their respective study periods in foreign countries. Thus another administrative issue that administrators are faced with is to find another suitable person to fill the cadre position, which ultimately results in more financial cost burden and time consuming activities to the university as to advertise, shortlist, interview etc. apposite persons to that post.

Also with the continuously increase of enrolment of students and introduction of modern course units with the staggering and synchronising of batches in the same faculty and examinations being conducted on a semester basis, it has been extremely difficult to accommodate all these exams in the present halls. Most of the time, in some universities due to space problems, examinations have to be conducted during vacation period of other faculties or by cancelling lectures in order to use the lecture halls for examinations. These ad-hoc arrangements have had a negative impact to students which is another issue faced by administrators with regard to providing accommodation facilities.



**Table 4: Student staff ratio in University education**

Year	1990	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013
Student- staff ratio	13.9	14.1	14.6	15.5	15.0	15.8	16.2	16.6	17.6	17.1	17.8

Source: University Statistics 2013, UGC

As this Student-teacher ratio has increased table 4 shows one teacher needs to address 18 students as to the year 2013, in contrast which was 15 students in the year 2005.

Also with the increase of new admissions, the rural students are in search of hostel facilities. As mentioned earlier, the established universities in this context need to look for more hostels in order to facilitate and to accommodate the students increasing demand for such.

In addition the number of employees (not including teachers) too have increased over the years, and thus providing spacious offices is a heightened problem. And also providing infrastructure facilities such as computers and office equipment etc. too will increase the capital costs of the respective university.

**Table 5: No of employees**

Year	1990	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013
No. of Employees	7,687	11,486	13,269	13,859	14,119	14,549	15,412	15,670	15,926	16,235	16,733

Source: University Statistics 2013, UGC

In addition, providing training for the non-academic staff too is time consuming and is a costly process to the respective university. Furthermore another challenge which the administrators are faced with is the poor work culture among the staff. For instance, absenteeism is one of the major issues administrators are faced with as most of the non-academic staff take leave superfluously, most often.

## **5. Conclusions and Recommendations**

The public universities enjoy immense authority. Greater devolution of powers to public universities can be considered and cogitated in several areas. For instance, the promotion of academic staff, the determination of academic salary particularly in shortage subjects, the recruitment of non-academic staff, the development of fresh courses, the creation of new

academic positions within a standard budget and decisions regarding the governance structure of the institutions. Thus by bestowing greater responsibility and accountability matters that need to be addressed, to the respective university, within a shorter period it can be addressed ultimately speeding up the process by taking accurate and timely action.

Since there is diminutive room to expand public funding for the higher education sector in the short run, additional creative avenues to complement state funding are necessary and unavoidable. Moreover, due to the income earned through research and consultancy services, extension and short courses and fees from postgraduate and undergraduate degrees and diploma and certificate courses, the budgeted state funds should not be reduced. In addition revenue raising activities need to be developed and also whatever cost savings generated, need to be available for re-investment within the university.

Further specific measures should be taken to obtain services of eminent professionals who get retired at the age of 65. For example, by conducting workshops to the probationary lecturers their know-hows and standards can be improved. Universities will need to attract new talent to replace this workforce and at the same time build a new workforce structure that can support new business modules and deliver increased productivity.

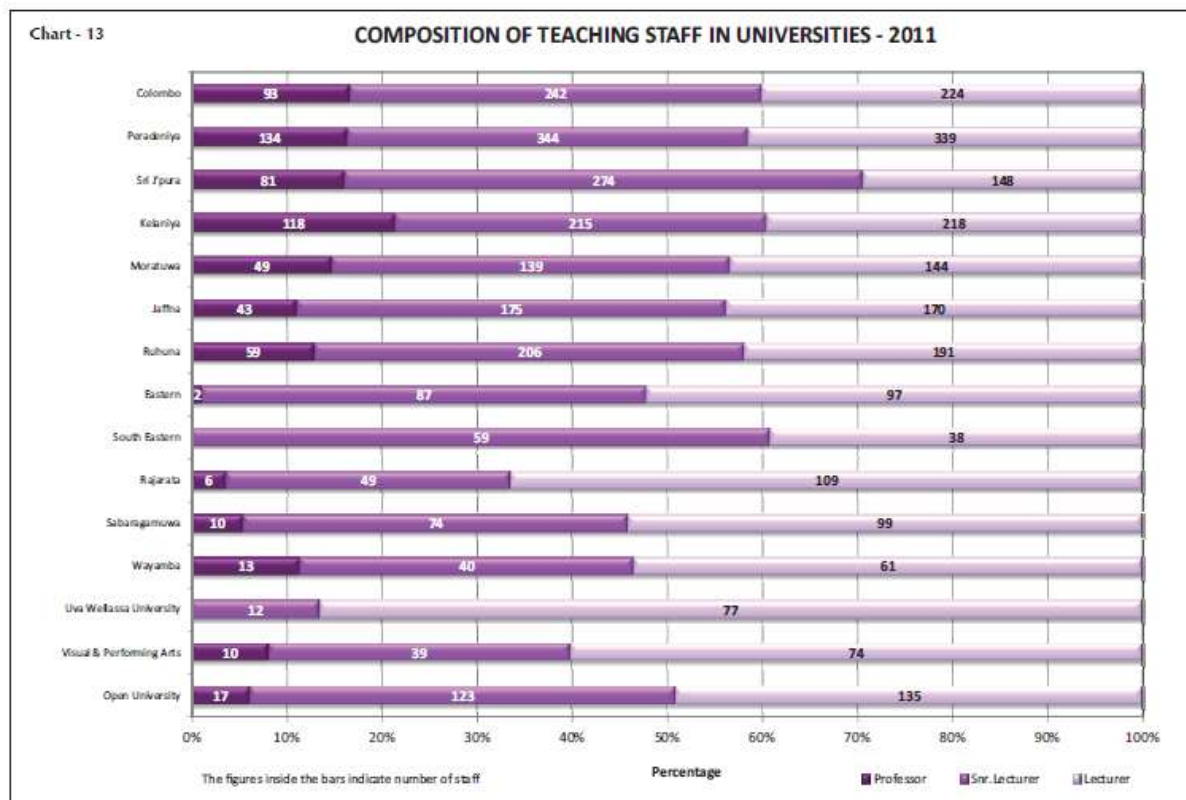
Thus as higher education markets become increasingly competitive and consumer driven, public universities need to deepen their commercial skills and capability both in administrative and academic workforce.

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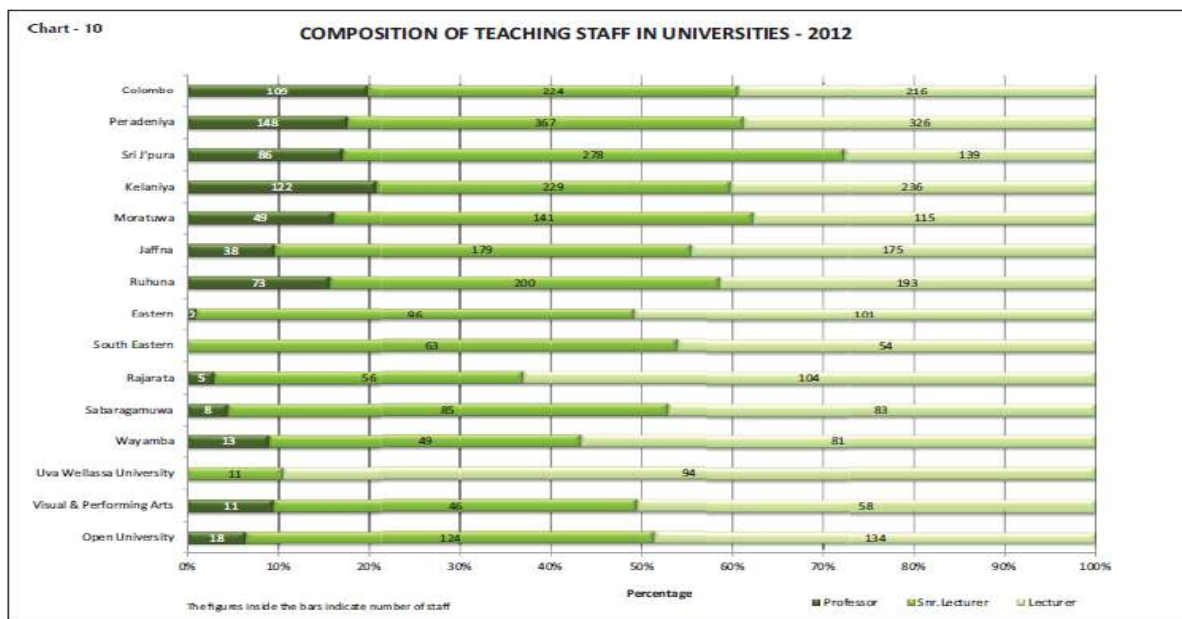
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**Annexure I**



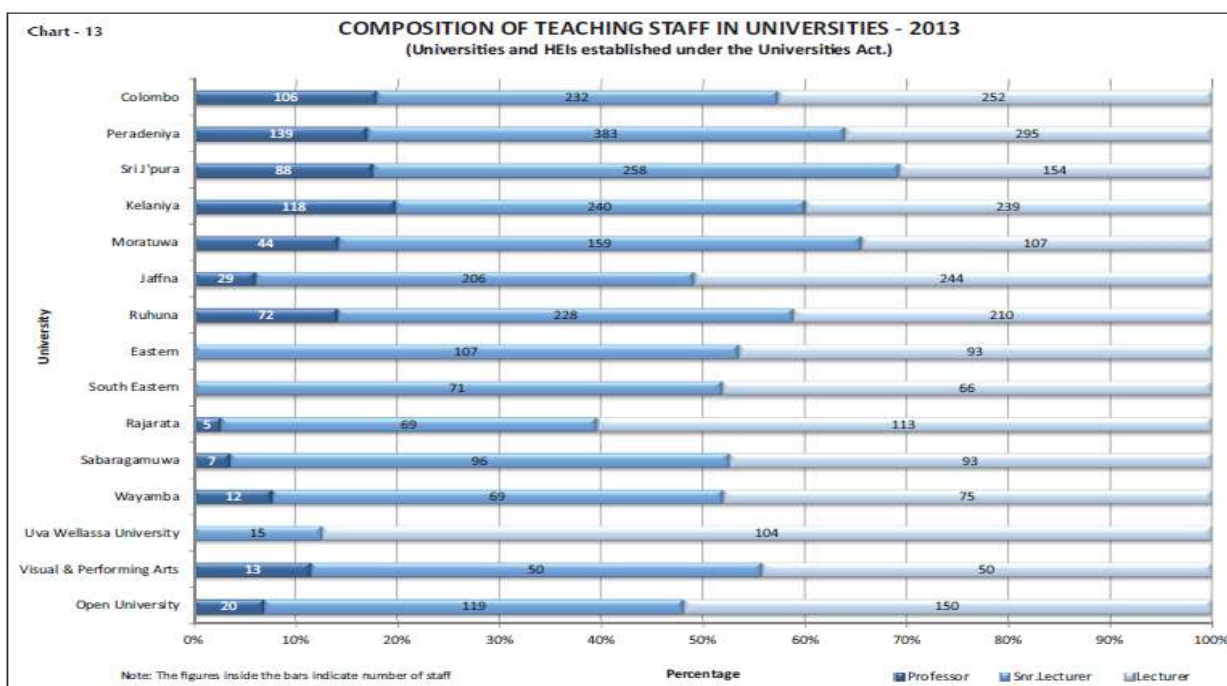
Source: University Statistics 2011, UGC

**Annexure II**



Source: University Statistics 2012, UGC

**Annexure III**



Source: University Statistics 2013, UGC