context of falling enrollments and unrest at some of the institutions. Perhaps most surprising was the clear support of the HDIs from the business community, which was also concerned that government had not provided adequate funds for them to overcome past inequities.

Support for historically disadvantaged institutions was strong in all the focus groups.

The Proposed Mergers

The proposed merger of institutions, suggested by Minister of Education Kader Asmal earlier in the year, elicited mixed responses. The strongest negative sentiments were expressed by people in the disadvantaged community, but they were shared by many in the advantaged community, including business. Both the minister and the Department of Education were perceived as having done a very poor job of making their case for mergers and most respondents were distressed by the lack of consultation. As a result, people were suspicious about their motives and felt ignored because these decisions did not seem to follow the democratic pattern of public participation established earlier in drafting the new national constitution, education reforms, and national development.

Typical questions were, "what will be the value added and how will this be a better higher educational system—that is not clear." A businessman thought the real motivation was political, not what would be best for higher education. The council focus group was concerned about cost, and not just from job losses: "the merger process is going to absorb the time, energy, attention of your top people in these institutions for the next couple of years." People worried that university and technikon mergers would lead to "academic drift." There was some support for mergers among the focus groups including a businessman who thought mergers would save money. The business focus group agreed that there is no such thing as a merger—just a takeover.

Higher education in South Africa operates in an environment of solid support, though that seems to have eroded somewhat in recent years.

Implications for Higher Education

Higher education in South Africa operates in an environment of solid support, though that seems to have eroded somewhat in recent years. While people do value higher education, a stronger case needs to be made for its benefits both to society as a whole and to individuals. The degree of importance given higher education in the townships was lower than expected. However, in the context of the long history of discrimination, limited opportunities for the majority population under apartheid, high unemployment, and lack of information about the benefits of higher education, these findings are less surprising.

The cost of higher education to students and families and inadequate government funding are major issues. The vast majority believe that government could afford adequate support for higher education. Rather, the problem was seen as lack of government commitment and will—or distorted government priorities. Disenchantment with the ministry and Department of Education was expressed in all five focus groups—especially regarding lack of consultation with stakeholders. This was particularly striking in the context of the democratization of South Africa in the 1990s.

Public ambivalence about the mergers provides a major opportunity for higher education to influence the debate. Since positions have not yet hardened, public concerns about government policy toward higher education could be mobilized to encourage a change in policy in ways desired by the higher education community. ■

Crucial Choices: Student Behavior and Persistence in the United States

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Everyday, students make decisions that affect their ability to complete a degree. Some of these choices they weigh carefully, such as which college to attend. Yet they underestimate the impact of many other choices, such as whether to drop a course or work more hours at their jobs, on the likelihood of completing their degrees.

Given that more than half of all U.S. undergraduates attend college part time and 80 percent work while enrolled, it is crucial that American institutions understand and confront the effects of student choices on academic success. Colleges and universities in the

United States will increasingly be challenged by stakeholders such as board members, parents, and state and federal policymakers to maintain and enhance graduation rates and, in many cases, to shorten time-to-degree. As the student population becomes more diverse in terms of age, race or ethnicity, and socioeconomic status, improving graduation rates will become more difficult. Understanding the critical links between students' financial decisions and academic success—especially for low-income students—will help campuses refine their efforts to help all students succeed.

Student Financing Choices

Financing choices can have a substantial impact on students' academic success. According to a national longitudinal study of beginning postsecondary students, conducted by the U.S. Department of Education, 32 percent of 1995–1996 entering freshmen had dropped out with no degree by spring 1998. In general, students who were least likely to drop out pursued a very traditional pattern: they began at four-year institutions, studied full time, lived on campus, and worked part time (a maximum of 14 hours per week).

This basic pattern varied somewhat by student income. Middle- and upper-income students were less likely to have dropped out than low-income students. For both groups of students, however, starting at a four-year institution, attending full time, and living on campus were associated with better-than-average persistence. Taking on student loans and working part time to finance these choices produced the lowest dropout rate.

More than half of all U.S. undergraduates attend college part time.

The importance of combining student loans with part-time work may be explained by the way work and borrowing correlate with attendance status and institution type. For example, 82 percent of low-income students who borrowed and worked part time were in attendance on a full-time, full-year basis. In contrast, only 27 percent of students who did not borrow and who worked 15 hours or more per week attended school full time and year-round. Students who combine borrowing with part-time work can best afford—both financially and in terms of time—to be full-time, full-year students. Student loans and working part time also are highly correlated with attendance at a four-year institution—another predictor of persistence. Three out of four students with student loans who worked part time attended a four-year institution, compared with just 18 percent of those who did not borrow and worked 15 hours or more per week.

While this strategy is clearly associated with success, less than 6 percent of first-year students adopted it. In fact, 44 percent of entering students chose the financing strategy that is least associated with success: borrowing nothing and working 15 or more hours per week. This pattern varies little with student income. Even those students who could best afford to borrow and work part time chose instead to avoid student loans and work 15 or more hours per week.

Why are American students making counterproductive choices? One explanation may be that they assume it will be less expensive in the long run to attend college part time and avoid student loan debt. For most students, this is not the case. Of course, for those who drop out because they cannot adequately juggle college and work, the cost of working too many hours while enrolled is enormous. These individuals will pay for the rest of their lives in lost earning power. However, even those students who simply extend their undergraduate careers will incur opportunity costs because they are delaying their entry into the job market as full-time, college-educated workers.

Student choices also have important consequences for institutions. Every institution in the United States wants—and is expected by key stakeholders—to maximize its graduation rate. If a large proportion of the student body is working and attending part time, achieving this goal is likely to prove very difficult. In many states, colleges and universities also are experiencing significant growth in enrollment. One of the most efficient, cost-effective ways to accommodate growth is to lower time-to-degree. If students move through their academic programs efficiently, they will graduate and make room for new students. When students carry less than a full-time load, they extend their time-to-degree, placing additional strain on campus resources. Helping students make wise financial decisions will pay dividends not only for individual students, but for institutions as well.

Implications for Policy and Practice

An important option that campuses can pursue to help students make wise choices is to forge stronger links between academic and financial advising. Can an academic adviser refer a student directly to a financial counselor? Could an academic adviser help a student determine if dropping a course is in their financial—as well as academic—best interest? Is the importance of making the right choices about work, attendance, housing, and borrowing emphasized in student and parent orientation programs, academic advising sessions, and other such opportunities? Do faculty understand how many hours students spend working and the effects of that work on their academic performance? Answering these questions may help institutions create a more seamless web of advising services.

There is no “right” financing strategy that will suit all students, but every student can be helped by having a clearer understanding of the costs, benefits, and potential pitfalls associated with their various options. Such a shift in thinking will help individual students reach their academic goals and may free up vital space and resources at institutions that must accommodate a large influx of new students. While this report examines only U.S. higher education, it seems likely that such strategies would help institutions in the many countries that are experiencing unprecedented enrollment growth.

Author’s note: This article is adapted from Crucial Choices: How Students’ Financial Decisions Affect Their Academic Success, published by the American Council on Education in June 2002 and available on-line at <http://www.acenet.edu/bookstore>.

Moving toward Autonomy in Indonesian Higher Education

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In line with developments in higher education in other countries in Southeast Asia—such as Malaysia and Thailand—Indonesian universities are moving toward greater autonomy. The Indonesian higher education landscape is a very complex one with around 70 public universities and almost 1,700 private universities, in an archipelago stretching out over a region comparable to the area between Dublin and Moscow. In June 1999, the Indonesian government issued two important laws in the field of higher education. Government regulation PP60 covers the changes in the administration of higher education institutions, and government regulation PP61 relates to the establishment of universities as legal entities. As of January 2000, four public universities—Universitas Indonesia Jakarta (UI), Institute of Agriculture Bogor (IPB), Institute of Technology Bandung (ITB), and Universitas Gadjah Mada in Yogyakarta (UGM)—were selected to function as “guides” in Indonesia’s move toward greater academic and financial autonomy. In the near future, universities in islands other than Java (e.g., the University of Northern Sumatra in Medan) are expected to follow this path of transition.

Although often seen as an offshoot of the Asian economic crises and the subsequent era of *reformasi* in Indonesia, the move toward increased autonomy can be traced further back. The package of higher education policy reforms was already initiated in the third long-term development plan of 1996. Quality, autonomy, accountability, accreditation, and evaluation constitute the five pillars of these reforms, known as the “new paradigm” in Indonesian higher education management. In the 1990s, several World Bank and Asian Development Bank programs were initiated—such as Quality for Undergraduate Education, Development of Undergraduate Education, and University Research for Graduate Education. These programs focus on improving the quality and efficiency of higher education through competitive development grants, and requiring universities to take a more active role. Notwithstanding these earlier developments, the post-1998 events did have an accelerating effect on the reforms. Increasing university autonomy was in line with the IMF reform packages and increasing accountability and transparency clearly fitted the call for *reformasi*. Furthermore, the country’s major universities are also expected to play an important role in the strengthening of the economy and in the empowerment of the regions (that are also becoming increasingly autonomous). The new autonomous universities are thus expected to produce better-qualified graduates in a more efficient and transparent way.

In order to implement this part of the new paradigm, the government invited its most reputable universities to submit a plan for autonomy. At that time, universities were government service units and had to comply with government regulations in financial management, personnel management, the appointment of rectors, and other areas. The four universities are now halfway through their transition period (lasting from 2000 until 2005). At this stage, substantial progress has been made in the move toward autonomy, although several problems remain. Progress in the first stage has focused on changes in organizational structure and the democratization of the universities. In the new structure, the university no longer has to report directly to the ministry, but rather to a board of trustees (Majelis Wali Amanat, MWA). The MWA represents the stakeholders of the university and consists of representatives from government, the academic senate, the academic community (staff and students), and society. Although this represents a major shift in university governance, a large stake is still in the hands of the ministry, which is also represented in the MWA. At the end of 2001, the new rector of ITB became the first Indonesian rector of a public university who was not appointed by the state but chosen by the MWA. In March (UGM), August (UI), and November (IPB) of this year, the rectors of the three other universities were chosen by their MWAs for a five-year period.

One of the most delicate issues in the transformation