



**A Glimpse of Private Higher Education Institutions (PHEIs) Around the World**

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**A paper presented at the first national conference on private higher education in  
Ethiopia**

**Organized and sponsored by St. Mary's College**

**July 26, 2003,  
Sheraton Addis,  
Addis Ababa**

# ***A Glimpse of Private Higher Education Institutions (PHEIs) Around the World***

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## ***Abstract***

In the last six years, the Ethiopian higher education system has witnessed a remarkable change unprecedented in its history in the form of the unanticipated emergence and expansion of Private Higher Education Institutions (PHEIs). Ethiopian PHEIs have attracted both the public interest and mistrust. Many have admired the opportunities they have created and the gates they have opened. Many others have abhorred them as '*diploma mills*' and '*certificate shops*'.

Notwithstanding the hurdles and challenges they face, Ethiopian PHEIs are growing in number and in the type and level of training they offer. This exploratory paper has been designed to:

- (a) examine the growth of PHEIs all around the world with the aim of putting Ethiopian PHEIs in perspective; and
- (b) outline some of the major elements that indicate the proliferation of PHEIs in Ethiopia.

An attempt has also been made to suggest possible lines of practice both the government and PHEIs *per se* will have to follow in the future. Results of the exploratory survey and Log-linear analysis indicate that the growth of PHEIs is significant over the last six years.

## ***Introduction***

Both as a result of the governments' ambivalent attitude and their own efforts, PHEIs are now establishing themselves as national partners in the provision of higher education in Ethiopia—a role that has never been ascribed to the private sector in a system utterly dominated by public universities and colleges. Among other things, PHEIs in Ethiopia have created opportunities for thousands of students who did not have the chance to join public higher institutions because of the stiff competition for the limited spaces available. The one-time grudge over students having a passing grade but lacking the chance to join higher institution of learning is now becoming a thing of the past.

From a market driven approach that it has pursued in the previous years, the government now seems to be moving to a regulatory stance. It is high time that PHEIs strengthen themselves and move ahead as a formidable force. Such a move, *inter alia*, requires a

close study of the area with the objective of identifying and documenting the major elements that define Ethiopian PHEIs.

- a. In the growth of PHEIs, it has been common world wide that considerable growth takes place before there is organized concern to track and study it. This paper purports to make a modest attempt in a bid to avoid this danger in the Ethiopian case.

A brief look at the world PHEIs scene has been made in the first section of the paper followed by an examination of the Ethiopian scene in the second part. The third section ties the discussions in the first two parts by drawing conclusions, and lessons to be learnt.

### ***Part One: The Emergence and Growth of PHEIs around the World***

The literature on PHEIs indicates that privatization is one of the main trends in higher education worldwide. Altbach (2002) notes, "Private higher education is the fastest-growing segment of post secondary education worldwide." The inception and growth of PHEIs in different countries appears to have similar trends and elements. This remarkable growth of PHEIs, which has been witnessed around the world in the last 2-3 decades, does seem to be necessitated by many factors among which the following are considered to be the major ones.

#### ***1.1 The Influence of Government Policies and International Agency Priorities***

It can be argued that concerted effort in the promotion of privatization and/or the policy of educational decentralization that many countries are experiencing has contributed a lot to the proliferation of PHEIs. Levy (2002:1) notes that one of the major reasons that accounts for the unanticipated private higher education growth in the world is the dramatic or "*neo-liberal*" economic change which involves powerful global tendencies that limit the financial role of the state.

The other reason for the growth of PHEIs is related to the influence of international agency priorities, which emphasize on the role of the market in education provision. International agencies like the World Bank call for a 'lighter touch' in educational provision and supports (through the International Financial Corporation) private

investment in education at secondary and tertiary levels with the aim of enabling the targeting of public resources towards access to better quality basic education (Sayed 2001). Sayed (Ibid) further observes that the World Trade Organization's (WTO) General Agreement on Trade in Services (GATS) is also influential in relation to promoting the market in education.

The hitherto limited role of PHEIs in Africa is also expected to witness a change for the better in the future as a result of international agency priorities: *"while Africa has not experienced much expansion of the private higher education sector, it is likely that the World Bank and other multilateral agencies will stress privatization as a means of absorbing demands for access to post secondary education"* (Altbach, 1998:2).

### ***1.2 Response to Market Demand***

One would logically expect that where public higher education institutions are considered unable to meet local demand the private sector emerges to fill the gap. This does seem to be one other common element in the growth of PHEIs around the world. Documenting the growth of PHEIs in Bangladesh, Hopper (1998:1), for instance, observes, *"Until 1992, Bangladesh had a purely public system of eight universities that could accommodate a limited number of eligible aspirants, disappointing about 75 percent of the nearly 80, 000 who applied for admission"*. One reason that explains the growth of PHEIs in Pakistan has also been the state's inability to provide adequate social services (Coffman, 1997). The Ethiopian case could also be another example where for years government higher institutions have been enrolling only a limited percent of students out of several thousands of students who are considered to have a passing grade in the ESLCE.

### ***1.3 Differentiated Demand for Education Services***

Even when there are sufficient provisions from the state, the needs of groups with particular demands could in some cases be met by private institutions only. This is usually so because *"state schooling operates on the basis of uniform and consistent provision, and thus does not necessarily target schooling for those with different needs or specific interests"* (Sayed: Ibid). Kodin (1996:1) says, *"the private universities in Russia have satisfied a need in areas of study unavailable in public institutions-courses*

*and degrees in management, business, market economy, and other related subjects that simply did not exist in the Russian curriculum until recently*". In a similar fashion, the growth of PHEIs in East central Europe is taken as indicative of the extent of pent-up demand for academic programs in fields that were not available to students until the demise of communism.

#### ***1.4 Elite Demand***

The growth of private education is increasingly seen as a means of palliating the deficiencies of public education in terms of various factors one of which is quality of teaching.

In some places private education institutions are regarded as the bearers of quality, which is assumed to lack in public institutions. Thus, the private institutions emerge as a result of *"the demand from wealthy and prosperous sections of society for 'something better' for their children, which will enable them to have a competitive advantage in the labour market"* (Sayed, 2001:5). PHEIs in the USA are known for meeting such a demand though this does not widely apply to many PHEIs around the world.

#### ***1.5 The 'Currency' and 'Capital' Associated with Obtaining Qualifications from International Overseas Providers***

Transnational education, just like private higher education, seems to constitute recent developments in many higher education systems (Lee, 2003). Institutions in the West which, in a bid to capture the higher education market in a context of financial authority and stringency in the North, have sought education services as big business (Sayed, 2001). In countries where overseas private higher education is perceived to provide additional advantages, private institutions appear to be the choice. Such choices are considered beneficial for employment and mobility opportunities.

In Pakistan, "American" universities seem to attract the attention of many who assume that the degrees they obtain guarantee them international recognition and access to higher-level studies anywhere in the world (Coffman, 1997). In Egypt among PHEIs are

those, which make use of French and German collaborations (Farag, 2000). Most private universities in Bangladesh also try to establish links with American universities the driving force of which appears to be "the legitimization and prestige that often come with foreign academic associations and the chance that international relationships will increase the likelihood of study abroad" (Hopper, 1998:2). Similar arrangements are common in Malaysia where PHEIs establish formal relationships with foreign universities, in order to offer educational programs ranging from certificate courses to postgraduate programs as the local PHEIs are not allowed to confer degrees on their own (Lee, 2003:1).

Influenced by the aforementioned and other related factors, PHEIs have come to be a common feature of higher education provisions all around the world. Though their augmenting growth is observable everywhere, the magnitude differs from one region to another. The discussion below outlines this growth by identifying five major regions in the world. These regions are:

### ***1.6 PHEIs in The USA & Western Europe***

Levy (Ibid: 1) observes that the US for profit surge of the last two decades has caught everyone by surprise and is considered as a unique case for research on PHEIs. Citing the 1996-97 census of institutions, Breneman *et al* (2000) disclose that there are 4, 896 for-profit institutions, 2, 904 private non-profit institutions, and 2, 201 public non-profit institutions in the US. The vast majority (77.5%) of the profit institutions offer programs that are less than two years. It is only 7 percent of these institutions that offer four-years courses of study. In this educational landscape, 365, 000 students are enrolled in PHEIs (Newman and Couturier, 2002). This accounts for 20 percent of the enrolments in higher education in the US. Out of the figure indicated, the three degree granting PHEIs in the US, the University of Phoenix Devrey Inc., and Strayer Foundation Inc., together teach over 100,000 students (Breneman *et al*, 2000).

One distinctive element that characterizes PHEIs in the US has been the quality they have achieved. Levy (2003: 10) argues, "*the US has historically stood alone for this major presence and to date, true university elite private higher education remains rare outside the United States*".

Though the growth of PHEIs in the US has for too long been considered as one of the most remarkable in the world, it now lags behind the growth being witnessed in others parts of the world like Asia and Latin America. Levy (2002:3) observes, *"the country long looked to as the world leader in the private higher education has today only a rather average share of its enrollments in private institutions"*.

In sharp contrast with the US, the countries in Western Europe are known for the limited presence or lack of PHEIs. Altbach (1998:1) notes that "In much of Europe, postsecondary education is almost exclusively state supported, with only a very limited private sector- mainly comprised of religious institutions that provide theological education." In a similar vein, Levy (2002:13) observes, *"In Western Europe political-economic change can involve either the creation of private higher education or its evolution beyond a niche role, though to date this region continues to stand out comparatively for the limited presence of private higher education"*.

### ***1.7 PHEIs in East Central Europe And Russia***

Through the 1990s up until now private higher education has proliferated in East Central Europe at a tremendous pace. The number of students in PHEIs in East Central Europe has grown from 12,000 in 1990 to more than 320,000 students in 1997 (Giesecke, 1999). The factors that contributed to such a growth rate are different:

The step growth curve of private higher education in East Central Europe is a clear signal of the public's frustration over the availability of higher education offerings in the state-operated sector. It reflects the extent of pent-up demand for academic programs in fields that were not available to students until the demise of communism. Moreover, the enormous enrollment increases posted by private sector institutions are indicative of the former East Bloc countries' relatively low *"College-going"* rates and the increasing public recognition that higher -caliber, market-oriented education and training is necessary for individual competitiveness in the new economic environments now coming into existence. (Ibid: 3).

The tremendous growth in countries of East Central Europe is now considered to out

number or rather rival that of the private sector in the United States, which has more than 350 years of historical development behind it (*Ibid*: 9).

In Russia no PHEIs existed prior to perestroika in the latter 1980s. As documented by Kodin (1996:1) there are now more than 200 private universities in Russia, with annual enrollments of over 60, 000 students. Similarly in the former Soviet Republic of Azerbaijan more than 100 private postsecondary institutions have been established (Catterall and McGhee, 1996).

### ***1.8 PHEIs IN Asia and the Pacific***

PHEIs in Asia are now considered to have the highest percentage of enrollments compared to any region in the world. In countries like Japan, South Korea, Taiwan, the Philippines, and Indonesia enrollment in PHEIs is in some cases upwards of 80 percent. Even in countries like China, Vietnam and the Central Asian Republics the private sector is regarded as a growing force as contrasted with the previous time when it was considered not active (Altbach, 2002).

The major countries in Asia and the Pacific could be divided into four categories in terms of the developments of PHEIs (Wongsothorn and Yibing, 1995).

#### ***1.8.1 Category 1: Japan***

Japan is one of the countries with a large private education system not only in the region but also in the world. The country has a large private education system with more than 400 universities and 500 junior colleges dominating three-fourths of the total higher education system both in terms of institutions and enrollments (*Loc. Cit*).

#### ***1.8.2 Category 2: Southeast and Asian countries (Philippines, South Korea, Thailand, Indonesia and Malaysia)***

The expansion of PHEIs in the Philippines is considered to be massive and unparalleled in the world. As noted by Valisno (1995) the private schools in the Philippines comprise roughly 80 - 85% of the entire higher education system. The growth of the system is so



significant that it constantly responds to the market demands not only locally but also globally. At present there are 1,185 PHEIs in the Philippines enrolling 1.3 million students in undergraduate and graduate programmes.

Another country with a large private higher education system in Asia is Korea. It is to be noted that in Korea 75% of the universities and 96% of the junior colleges are in the private sector (Wongsothorn and Yibing, 1995). Out of the higher institutions in the country 258 (82.2%) are private, 53 (16.8%) are national and 3(1%) are public institutions enrolling 2, 196,940 students altogether. This is indicative of the fact that Korean higher education is highly dominated by PHEIs.

In Thailand there are 15 private universities, and 16 private colleges compared to 22 public institutions of higher learning. The private institutions cover 48 percent of total enrolments in higher education, though none of the institutions are considered profit making (*Loc.Cit*).

In Indonesia where the growth of PHEIs has been witnessed since 1975, about 60 percent of total enrollments in higher education are in PHEIs. These institutions number as many as 1159, compared to less than 200 public institutions of higher education (*Loc. Cit.*).

### ***1.8.3 Category 3: India***

India has a vast publicly funded private higher education system with nearly three-fourths of the more than 8,200 colleges being private colleges (*Loc. Cit.*). The distinctive characteristic of PHEIs in India is that they are funded by the public.

### ***1.8.4 Category 4: China, Mongolia and Vietnam***

In countries like China, Mongolia and Viet Nam PHEIs are of a recent origin, though they are expanding fast. In China there are above 800 PHEIs although most of these are "*People-run*" (*min ban*). In Mongolia there are 36 private post-secondary schools accounting for 24 percent of students enrolled at the level. In Viet Nam where PHEIs are referred to as '*people-established*' the private sector accounts for only 10% of the total enrollments in higher education.

The foregoing discussion must have shown that the Asia and Pacific region is in general

one of the major regions in the world where PHEIs have proliferated at an astounding rate. The massive expansion of higher education in this region is considered to be the major result of PHEIs participation, though the quality of institutions has not reached at a level witnessed in the USA.

### ***1.9 PHEIs in Latin America***

As documented by Altabach (1998) in Latin America the oldest universities are the private higher institutions founded by the Catholic Church, although the public sector has grown in the 20<sup>th</sup> century and dominates higher education in many of the countries in the region. In the 1970s and after, Latin America again became a region where private institutions proliferated against public monopoly. Since then, private institutions have assumed a leading role for decades in terms of growth. According to Levy (2002:6), "*the private sector in Latin America jumped from 3 percent enrollment in the 1930s to 34 percent by 1975, then moving modestly higher*".

In countries like Brazil and Colombia two-thirds of enrolments are in the private sector (Sayed, 2001). Another country with notable development in the region is Chile. Chile is regarded as the country where a spectacular growth of PHEIs has been observed for years. Twenty years after the creation of private institutions was authorized in 1981, the private sector in Chile has come to a position where it represents 93 percent of institutions and 71 percent of enrolments. This has set Chile among the world's leaders in private higher education extolled as a model by the World Bank (Bernasconi, 2003).

### ***1.10 PHEIs IN AFRICA***

Private higher education is considered to be a recent phenomenon in many African countries. As a result the large enrollment common in Latin American and East Asian countries has not been observable in Africa. Africa, just like Western Europe, is rather considered as a region where PHEIs are rare (Althbach, 1998).

As noted by Sayed (2001), though tertiary education has expanded considerably in developing regions since the 1970s, its size remains very small especially in sub-Saharan Africa where the gross enrollment ratio is only 4 percent. Tracing the history of such institutions in Africa Sayed (2001:1) further observes,

Public universities were a symbol of self-reliance in many post-independent African states. Where private institutions were in existence, these were often associated with religious organizations. It is only more recently that the private sector has begun playing an increasingly important role in the provision of higher education in the region.

Looking at specific countries, South Africa seems to be the country with a strong private orientation in Africa. The growth in the 1990s of higher education institutions in South Africa has been supplanted with the expansion of private higher education. This was the time when a rapid expansion in enrollment was witnessed. Mabizela *et al* (2000 as cited in Sayed, 2001) report that there are 323 private higher education institutions in South Africa, which have applied for registration with the Department of Education. Although information on enrollments for their report was only available for 145 of these institutions, these alone account for 108,700 student enrollments.

Private higher education institutions have also proliferated in other African countries. For instance, Farag (2000:1) reports that during the academic year 1999 - 2000, there were 4 private universities in Egypt, which were attended by about 6,000 students. In 2000 there were 4 registered private universities in Tanzania, and 19 institutions were in the process of obtaining accreditation. Similarly, in Uganda there were 4 registered universities with eight in process. In Kenya the figure was 14 registered and 27 in process (*Cf.* Sayed, 2001). Kenya now has 17 private universities, which hold roughly 20 percent of the county's 50,000 enrollments (Levy, 2003). Most of the private institutions in Kenya are, however, controlled by religious institutions (Database Schema N.D).

In Cote d'Ivoire private enrollment in tertiary institutions is reported to have grown by 66 *per cent per annum*, on average, between 1991/92 and 1995/96 (Sayed, 2001).

In Benin, 17% of enrollments in 1997 were in PHEIs. Other countries where PHEIs are cropping up include Mozambique, Senegal, Tanzania, Cote d'Ivoire (with 19 per cent enrollment), Uganda (with 14 per cent enrollment) and Ghana (with 6 per cent enrollment). From African countries it is the Francophone countries, which are

considered to lag behind in terms of the proliferation of PHEIs (*Ibid*).

### ***1.10.1 The Ethiopian PHEIs Scenario***

#### ***Establishment***

Though there are a few institutions, which had existed prior to this date, the proliferation of Ethiopian PHEIs has only begun in 1988 EC. Since then, and especially since 1991EC., there has been an increase in the number of private institutions providing for tertiary level education. According to information obtained from the Ethiopian Investment Office there are now 73 institutions that have secured the license to operate in the sector. The increase in the number of these institutions over the years could be easily discerned from the following table.

***Table 1: Growth Rates of Higher Institutions Establishment in Ethiopia***

<b><i>Establishment Year*</i></b>	<b><i>Number of institutions established</i></b>	<b><i>%</i></b>
1988	1	1.37
1989	1	1.37
1990	1	1.37
1991	8	10.96
1992	7	9.59
1993	7	9.59
1994	19	26.03
1995	29	39.72
<b><i>Total</i></b>	<b><i>73</i></b>	<b><i>100.00</i></b>
<i>Growth Rate in</i>		
<i>Log-Linear (%)</i>	5.2	
<i>Significance Level</i>	.001	

8 Year in Ethiopian Calendar

*Source of data: Ethiopian Investment Office (unpublished)*

As might be shown in the table, 1991EC has shown a dramatic upsurge in the number of institutions, which began operations. A similar increase has not been noted in the years 1992 and 1993 EC. It is in 1994 and 1995 EC that we see a dramatic increase again. When defined by their level of operation, 55 of the above institutions are in the implementation stage, and 18 are under operation, with none in its pre-implementation stage.

#### ***Types of Training***

In terms of the fields of training they offer, 7 (9.86%) of the PHEIs give technical

training, 16 (22.54%) purport to offer training in medicine, 5 (7.04%) in arts and education, 1 (1.41%) in technology, 1 (1.41%) in agriculture, 9 (12.68%) in information technology, 14 (19.72%) in business and law and 1 (1.41%) in short courses. The remaining 18 (23.94%) have not specified their fields of training. This indicates that the focus of these PHEIs are on programmes which are inexpensive to offer and programmes in high demand.

### ***Owners***

Out of the above PHEIs, 6 are owned by foreigners, 3 are owned by people with foreign nationality but Ethiopian birth, and the rest by Ethiopians.

### ***Regional Distribution***

The regional distribution of these institutions shows that, most of them are concentrated in the nation's capital, Addis Ababa. The following table indicates the distribution.

***Table 2: Ethiopian PHEIs by Region***

<b><i>Region</i></b>	<b><i>No. of PHEIs</i></b>	<b><i>% Out of the total</i></b>
Addis Ababa	50	70.42
SNNPR	7	9.86
Oromia	8	11.27
Tigray	3	4.23
Dire Dawa and Harari	2	2.82
Amhara	1	1.40
<b><i>Total</i></b>	<b><i>71</i></b>	<b><i>100.00</i></b>

*Source of data: Ethiopian Investment Office (unpublished)*

The above table is a clear indication of the fact that a bulk of the PHEIs operating in the country remains in Addis where it appears comparatively easier and comfortable to function at the level.

### ***Institutions Accredited***

It must have been noted that the figures thus far indicate institutions, which have secured investment permit to operate. This figure could be misleading as it also comprises institutions which are yet planning to commence operation and/or institutions which have abandoned the venture altogether. Figures that are obtained from the MOE could be more reliable, though the problem here is that the Ministry does not have full

documentation of institutions which have not been accredited.

The data obtained from MOE shows that there are eighteen PHEIs that have been accredited since 1989 EC. Three of these institutions (16.67%) might be called non-profit making institutions. These institutions are: *Selam Nurses College, Harar Technical Training Institute owned by Menschen fur Menschen, and Ethiopian Adventist College*. The remaining fifteen (83.33%) institutions could be labeled profit making institutions. With the exception of a very few of these institutions, almost all offer trainings in the fields of Business, IT and Law. The distribution of these institutions by regions is indicated below.

**Table 3: Distribution of Accredited PHEIs by Region**

<b>Region</b>	<b>No. of PHEIs</b>	<b>% Out of the total</b>
Addis Ababa	11	47.83
Nazareth	2	8.70
Awasa	1	4.35
Nekemt	1	4.35
Mekele	2	8.70
Diredawa	2	8.70
Harar	2	8.70
Kuyera	1	4.35
<b>Total</b>	<b>23*</b>	<b>95.65</b>

*Source of data: Ethiopian Investment Office (unpublished)*

\* The increase in the total figure shows double counting in instances where a single institution based in Addis may have branches in other parts of the country.

### **Enrollment Rate**

Since they have began to appear on the scene, Ethiopian PHEIs have contributed significantly in terms of enrollments. They must have accounted for the 400 *per cent* intake increase which the government claims in the regular diploma programmes of higher institutions between 1997/8 and 2001/2.

According to the MOE (2003: 88) enrollment in private higher institutions has grown from 11, 175 in 2000/01 to 29, 237 in 2001/02. According to Teshome (2003), Ethiopian PHEIs account for 18 per cent of student enrollment in higher education institutions. Considering the fact that this figure was computed by taking the accredited institutions only, it could be speculated that the figure could have been much higher if the intake of

unaccredited institutions had been considered. Some suggest that the figure may rise up to 30 per cent - a figure which is perhaps by any standard, the biggest for sub-Saharan Africa or Africa in general.

In terms of diploma graduates, PHEIs in Ethiopia have also begun to cover a significant share. The MOE (2003: 102) reports show that out of the 19,564 total number of diploma graduates in 2001/02, 6,867 (43.5%) were from private institutions. For a sector which is barely half a decade old, this figure is remarkable.

As a new phenomenon the growth of PHEIs in Ethiopia needs lots of support and care. The latter requires a close examination of factors that may stifle the encouraging trend being witnessed. The next section of the paper identifies the major threats and weaknesses PHEIs all around the world face.

## ***Part Two PHEIs: Threats and Weaknesses***

The various PHEIs established around the world (including those in Ethiopia) seem to have similar major weaknesses and threats, which they need to surmount in ascertaining their viability. Some of the major threats and/or weaknesses they face are outlined below.

### ***2.1 Financing PHEIs***

One special characteristic that distinguishes private colleges from the public ones is the fact that private institutions are funded by their own efforts. The various expenses that PHEIs have in the form of paying salaries, operating expenses, maintenance and repairs, laboratory expenses, research expenses, medical expenses, etc mainly come from student tuition fees.

Giesecke (1999) notes that excessive reliance on student tuition fee is the greatest threat to PHEIs. Talking about the Polish experience as an example says, Giesecke (*Ibid*) "*If the current fad of management education suddenly loses favor with the public, as much as 50 percent of the total enrollment in the private sector in Poland could quickly dissipate*". In similar vein, Slantcheva (2002) notes that strong reliance on tuition fee-

paying students makes the private universities in Hungary overly dependent on market demand, often hampering program development in many different fields.

The Ethiopian PHEIs scenario is best defined by an exclusive reliance on student tuition fees. This trend may continue for years to come as currently there doesn't exist a policy program to institute a mechanism whereby government assistance can be infused. To a large extent the private sector has not also yet acquired the strength and the culture to provide contributions and donations to PHEIs. Any danger with regard to finance will have thus to be met by the PHEIs themselves.

Though excessive reliance on tuition fees is the major characteristic of many PHEIs around the world, it should also be noted that there are some exceptions to this general trend. In some countries like India private institutions receive financial support from the government through the universities to which the private colleges are affiliated. In countries like Japan and US PHEIs are eligible for various kinds of support through student loans and support for research. Again in countries like the US private higher institutions receive large endowments as sources of income (*Cf.* Altbach, 1998).

### ***2.2 The Issue of Quality, Relevance and Limited Provision***

The other possible impediment to the growth of PHEIs around the world is related to the quality, relevance and magnitude of the training they offer.

Among other things, PHEIs are blamed for offering similar lines of training as in public institutions. Levy (1999) argues that privatization is often but not always about something different. He notes that there are instances where private higher education closely resembles public higher education, failing to add great diversity to the system. Giesecke (1999:8) also argues that in countries like Hungary the greatest weakness of the private sector is the general lack of curricular diversification available at these institutions. It is postulated that such factors could leave PHEIS susceptible to sudden market shifts.



Many PHEIs worldwide concentrate in fields of study relatively inexpensive to offer or fields that has rather rapid pay-off in the job market. Bernasconi (2003) talks about the Chilean case where PHEIs offer programs concentrated in inexpensive fields of study. He (*Ibid*) further notes that the repertoire of functions in such institutions is narrower and devoted to teaching/training as the main activity with activities like research completely lacking.

Traditional arguments against PHEIs with regard to quality do not only focus on the types of training offered. They also include issues attached with the opportunistic behavior on the part of profit-seeking providers. Many PHEIs, with the exception of those in USA, are characterized by *"the tendency to serve mass higher education market and tend to be relatively nonselective"* (Altbach, 2002:2). Critics allege that PHEIs are identified with low academic quality and hyper commercialism (Levy 2002).

For instance, Egyptian PHEIs, like their counter parts in other parts of the world, are seen *"as a way to sell degrees to those who can afford them"* (Frag, 2000). Gonzalez (1998:2) also notes that in the Philippines PHEIs are needed but also resented due to their profit-making orientation as teaching institutions that do little or no research. Considering the Chinese case Zha (N.D: 3) argues, *"The distinctive feature of mass private sector is the accommodation of a large proportion of students in low-cost, low-quality institutions, created to absorb excess demand, with inadequate resources"*. Levy (2002:7) also argues, *"some"* private institutions play a *"role"* of little more than taking in tuition fees while dishing out poor education and then weak degrees to those who do not drop out; thus the *"role"* is perhaps one of making profit.

Ethiopian PHEIs, just like their counterparts elsewhere, have been identified with lack of quality and relevance. This must have changed over the years, but at the beginning of their existence many focused in the area of business, law and IT. In terms of the quality of trainings offered it could also be said that Ethiopian PHEIs have not been without problems and the public opinion gathered by the MOE (2003) is indicative of this. The fact that many have grown from language schools and computer centers with limited human, financial and material resources must have contributed to the lack of quality in their provision. Many resembled public colleges and universities both in the types and

modes of training they offered. However, over the years improvements have been noticed in the diversification of the fields of training and in the manner in which they are offered. The training offered in the area of IT is a case in point.

### ***2.3 Government Regulation and Support***

Though the growth of PHEIs in many countries could be partly attributed to government promotion, their eventual existence is also significantly determined by what the government does. The influence of government could best be explained by Levy's (2003:26) distinction:

At one extreme, some governments still prohibit private higher education or do not grant it official recognition for its degrees. At another extreme, governments actively promote private expansion, whether by subsidizing it, getting completely out of its way, or pursuing policies that curb public higher education

In spite of the fact that PHEIs enjoy a relative autonomy and independence, they are accountable to external authorities, ranging from agencies in the US to much stricter government regulation in such nations like Korea, Japan and India (Altbach, N.D: 2).

In the United States PHEIs have considerable autonomy over academic programmes, majors, markets, and standards. If they accept any funds from government sources - in the form of student loans, research grants, contracts and the like - they are subject not only to a variety of government regulations relating to the specific funding arrangements but also to a large number of other reporting and regulatory requirements (Altbach, N.D). The accreditation requirement in the US also makes these institutions accountable to regional accreditation agencies, though on voluntary basis.

In countries like Korea & India government control appears to be stringent to the extent of laying impositions on some detailed functions of PHEIs. Altbach (*Ibid*) relates the issue as follows:

In Korea, government agencies control academic salaries and other conditions of work in private universities. Private universities are also subject to control in matters of tuition charges, institutional expansion, and enrollments in specific departments and programs... Similarly, the Indian universities- to which all private colleges must be affiliated-

conduct- end-of-term examinations, determine the outlines of the curriculum for most courses, dictate faculty salary levels, set minimum standards for students entry, and supervise libraries and other physical facilities of the affiliated colleges. Perhaps most important, the universities award all degrees.

Another country where government control is strictly exercised is the Philippines. In the Philippines private institutions are, among other things, not free to raise their fees at will and must subscribe to government rules and limits (Hauptman, 2002).

The government control exercised in India, Korea and the Philippines is not common in Central and East Europe and in the former Soviet Union. This is ascribed not to the generosity of the governments but to the fact that as the private sector is new in these countries, controls are poorly developed (*Ibid*).

With regard to government support the observable trend varies from countries where there is little or no support to countries where there is a growing support.

In Thailand specific assistance and general subsidies are offered to PHEIs. Income tax exemptions of the operational profit, tax exemption, and tax deduction to those who make donations are practiced. In 1990 the cabinet approved a Revolving Fund for the Development of PHEIs to be loaned at 4 per cent interest to purchase instructional materials, equipment and facility construction (*Cf* Kulachol, 1995).

In the Philippines the government offers indirect assistance to PHEIs through the provision of scholarships and study grants. Financial assistance and other forms of incentives, allowing private schools to engage in any auxiliary enterprise to generate income are also common practices (Valisno, 1995).

In India most of the PHEIs are given financial assistance by the state (Tilak, 1995). The Indonesian experience also shows that government provides subsidies to private higher education institutions in accordance with regulations set (Hadihardaja, 1995).

The two major countries where PHEIs draw a significant share of assistance from the government are Japan and USA. Government financial assistance in Japan ranges from





Ethiopia.

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## 2.5 Faculty

One other impediment to the success of PHEIs is related to hiring highly qualified faculty on permanent basis. Levy (2003: 22) notes that *'notwithstanding the US case, nonprofits with ample full-time faculty are exceptional especially outside the religious and particularly academic elite sub sector'*. Especially in countries where such staff is considered to be meager, it appears difficult to employ faculty at a level that the institutions require. Kodin (*Ibid*) documents the problem in Russia as follows:

It is no problem for private universities to hire administrative and support staff, but it is very difficult to find professors to teach courses, particularly new ones. Specialists can be found in Moscow but not in other regions. So, private rural universities have to attract visiting professors to their universities. These popular professors will usually come if they are offered very high salaries in comparison to local teachers – transportation, hotel and board. Thus bringing professors to teach at private universities becomes very expensive, and the most common result is an increase in tuition fees.

The Bangladesh experience also shows that *"private institutions are forced to engage mostly part-time professors who are reluctant to leave the security of their full-time positions at public universities for risky private-sector jobs"* (Hopper, 1998:2). In a similar vein the majority of the faculty in Bulgaria's PHEIs are what are called "suitcase" or "traveling" lecturers whose part-time engagement lowers their commitment to the life of the institution (Slantcheva, 2002). Though there are few examples of high quality private institutions, most of such institutions are found at the lower end of the prestige hierarchy in Asia. Altbach:1 notes,

Generally private institutions rely on tuition payments, receive little funding from public sources (although in Japan and several other countries limited government funding is available to the private sector), and have no tradition of private philanthropy, and as a result are unable to compete for the best students. However, the private sector plays a central role by providing access to students

who would otherwise be unable to obtain academic degrees.

Despite the rules of the MOE which require that 70 per cent of the faculty should be permanently employed, most of the PHEIs in Ethiopia have especially at their initial stage relied on part-time staff. This has been due to of not requiring to have full timers when the institution finds it profitable to run its programs with part-timers or due to lack of experienced personnel. The expansion of the local graduate programmes in various fields of studies is hoped to contribute to the reduction of the problem in the years to come.

### ***Part Three Future Trends: Where Do We Go From Here?***

The discussion thus far must have shown the paths PHEIs all around the world have trodden and lessons to be drawn. As in many parts of the world the emergence of PHEIs in Ethiopia has a surprise element. Though it has not been documented well, at least in terms of enrollment, the growth in the last half a decade is by far the highest standard for Africa and comparable to and in some cases better from developing countries and countries of transitional economies. This has for the most part been the result of the ambivalent attitude the government has entertained towards the creation of PHEIs, and the sudden interest and readiness on the part of those who have chosen to invest in the area. As we move unto the second phase where government policy does seem to shift towards regulating PHEIs, it appears imperative that both the institutions and the governments need to ponder on issues that still determine the future growth and further proliferation of such institutions. It is in light with this assumption that the following recommendations are suggested.

#### ***3.1 Recommendations to PHEIs***

In many parts of the world the future of PHEIs is taken to be full of uncertainties. The cloud of uncertainty could in some ways be avoided if PHEIs strengthen themselves. As PHEIs in many countries stand in contrast to public institutions, their provisions, facilities, faculty and quality will have to achieve the highest standard. They have to move away from the current stigma of 'diploma mills' and 'certificate shops' to a standard

where they might be respected for what they offer. Ethiopian PHEIs, as their counterparts in other parts of the world, face the considerable challenge of ensuring that the emerging sector is effective, well managed, and serving national goals. This requires an overall evaluation of their current capacities and future abilities.

Strengthening Ethiopian PHEIs requires, among other things, financial capacity. PHEIs Ethiopia should thus seek multiple ways of generating income. Seeking partnership with others and attempting to raise funds from non-student resources is an area PHEIs might look into. Ethiopian PHEIs should attempt to forge links with industries and production units in order to generate physical and financial resources.

Private higher education institutions should also allocate the resources they generate mainly on educational purposes that would ensure improvements in their infrastructure and staff and faculty profiles.

The relationships and cooperation among PHEIs and between PHEIs and public institutions in Ethiopia is another area that needs consideration. In addition to the leverage that the cooperation might offer it could allow to put national resources to optimum utilization. PHEIs can initiate teacher exchange programs, exchange of tangible resources and joint-research projects, which enhance their development and capacity.

### **3.2 *Recommendations to the Ethiopian Government***

The Ethiopian government should understand the responsibilities that PHEIs are shouldering. PHEIs have created access, new opportunities and possibilities for those who didn't have any or all of these. PHEIs now share the responsibility of the government in creating a highly trained work force with no financial and special aid accorded to them. All of these suggest that PHEIs can no longer be considered as a marginal academic appendix to the public sector. The government should begin to treat the emerging PHEIs more as an alternative than as an addition to the existing higher education system. It should thus continue to stimulate private efforts in promoting higher education in Ethiopia.

The assistance that the government could offer to PHEIs may extend from issuing the regulations and more importantly the lax attitude in enforcing them, which in the last six



years has contributed a lot to the proliferation of Ethiopian PHEIs. To promote growth, additional regulations of offering financial assistance and subsidies should be considered. Regulations that the government issue should be done in the same spirit and in consultation with PHEIs which should be given an important place as stakeholders. Such regulations should also consider the effect that they might have on the existence and eventual growth of the sector. PHEIs themselves must realize that there cannot be uncontrolled growth and expansion. Their major requirement should, however, be the need for productive regulation.

Government support in the form of financial aid and subsidies, which is not a common feature of Ethiopian PHEIs yet is also an area that needs serious consideration in the future. The manner in which student loan is to be initiated in the Ethiopian higher education context is another element related to this consideration. It should, however, be reiterated that before obtaining more funding from national treasuries or other sources, PHEIs will have to provide more substantial evidence of their contributions to personal and societal well-being.

Another area where government assistance could be accorded is in the area of faculty training. The government's effort in expanding post-graduate programmes indirectly enhances the faculty profile of PHEIs as it creates the available workforce. On top of this the government should create opportunities for faculty members and leaders of PHEIs to further their studies, join seminars and training courses, and secure government scholarships.

The current higher education bill incorporates the need for providing government assistance to private higher education institutions in various forms. This encouraging regulation should be assisted by proper execution, which again requires follow-up and continuous supervision on the part of the government.

If Ethiopian PHEIs effect their duties with a great sense of responsibility and commitment, and if the government takes them as reliable partners, 'uncertainty' could simply be a description of their past rather than an explanation ascribed to their future.

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