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# Higher Education and the Challenge of Growth and Sustainability

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## **Ghorbani, A., The Islamic Azad University – Tehran Markaz Branch, Iran Higher Education and the Challenge of Growth and Sustainability**

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### **ABSTRACT**

The first part of this paper explains the linkage among higher education, internationalization, development and social justice. The paper argues that universities are institutions that, in all societies, have performed basic functions which result from the particular, combination of cultural and ideological, social and economic, educational and scientific roles that have been assigned to them. They are multi-purpose or multi-product institutions, which contribute to the generation and transmission of ideology, the selection and formation of elites, the social development and educational upgrading of societies, the production and application of knowledge and the training of the highly skilled labour force. This range of functions and duties shapes the main tasks of higher education systems, albeit with different emphases depending on the national context, the historical period, the specific sector and indeed the institution concerned. What is clear is that nowadays, universities are highly involved in literally every kind of social and economic activity in our increasingly dynamic societies.

The second part of this paper discuss another closely related and important issue of concern in the development of education in the last quarter century, this refers to private higher education. Private education is not a new phenomenon in many countries, though modern private education is of recent origins. The paper argues different aspects in private higher education and discusses myth and realities about privatization of higher education. This paper suggests that initial government investment on a large scale is important in higher education; but only after some time, and certain level of educational and economic development is achieved. Private sector can or may complement the state effort in higher education.

### **INTRODUCTION**

A review of the complex and dynamic processes of internationalization at different levels in higher education reveals that these processes are prompting increasingly rapid change in two rather different aspects (Teichler, 99). First, there is now a wide range of border crossing activities, many of them resulting from institutional rather than governmental initiatives, and these are certainly still on the rise. But we can also see more substantial changes towards systematic national or supra-national policies, combined with a growing awareness of issues of international cooperation and competition in a globalizing higher education market. Under the first heading there is a growth of specific, clearly visible international co-operation, including activities such as student and staff mobility schemes, co-operative research activities and foreign language teaching to support them; under the second, we can see trends towards internationalization, regionalization of the actual substance and structure of higher education, such as, proposals for convergence in institutional patterns, study programs or curricula.

The contemporary university was born of the nation-state, and it was only in the nineteenth and twentieth centuries, following the establishment of clear national economic interests, that universities acquired their identification with science and technology. Their regulatory and funding context was, and still is, national; their contribution to national cultures was and still

is, significant; students tended to be, and still are, trained to become national functionaries; and universities played, and still play, a considerable role in what some have called the military industrial complex of nation-states. In this perspective, they are very much national institutions. It is appropriate, therefore, to see current trends as part of a process by which national systems of higher education are being challenged by new forces of internationalization. Universities are thus object as well as subject of “internationalization” or “globalization”. They are affected by and at the same time influence these processes.

One of the key features of globalization is increased competition. Competition has become a driving force for innovation and entrepreneurship. Competition in higher education has increased and has become unfair. Countries of the North with their competitive advantage compete with countries from the South, for best students, faculties, administrators, and researchers. As a result the intellectual resources from the South are being drained in the process. It is estimated that Africa has lost 100,000 people with specific skills to the West (Bollag, 2001). The loss is estimated at about 23,000 qualified academic professionals each year for Africa. The countries reported to lose the most academics are Egypt, Ghana, Kenya, Nigeria, and South Africa, Russia reports a loss of 30,000 researchers (The Chronicle, September 8, 2000). Brain drain is reported to be the greatest obstacle to development.

Countries from the South are at risk of being further marginalized if their higher education institutions fail to participate in the knowledge production networks and activities that would make them relevant and more responsive to needs of a new economy. A concern has been raised by academics from the South about lack of collegiality and concern amongst academics from the South and those from the North within a competitive environment. Competition has resulted in student losses to private for profit higher education, loss of jobs, and in some cases the threat of closure of institutions. Competition in academia has continued to perpetuate the negative effect of globalization such as increasing inequality both between academics within institutions and between academics in different institutions and countries (Moja and Cloete 2001).

## **HIGHER EDUCATION AND INTERNATIONAL ARENA**

There is need to raise the issue of the role of higher education in development in the context of regions such as Africa where nearly half of Sub-Saharan Africa’s 600 million people live on less than \$1.00 a day, more than a third of children are malnourished, people are dying of AIDS with minimal improvements in education and health. In the globalizing economy higher education has featured on the WTO agenda not for its contribution to development but more as a service to trade in or a commodity for boosting income for countries that have the ability to trade in this area and export their higher education programs. Higher education has become a multi-billion dollar market as the quantity of education is increasing rapidly and it is reported to double every five years. It is reported that the export of higher education service has contributed significantly to the economy of the US. In 1999 it is estimated that the US, being the largest provider of education services, earned \$8.5 billion of the \$30 billion market, from this trade alone (Heyward, 2002).

There is need to rethink the role of higher education in national development as national economies are slowly being replaced by a global economy and national higher education is being slowly replaced by global systems of higher education. Higher education role has shifted more to supporting an economy that is knowledge intensive at a global level. The relevance of higher education systems at local levels needs to be rethought in the framework of their relevance in the global context, hence the question as to whether they are still relevant to development at a local level. Changes taking place have put a lot of emphasis on the need for accountability to society beyond financial accountability, demand for intellectual leadership, and partnership that could contribute to development.

Misperceptions about higher education's role in truly sustainable development have persisted for too long. No modern country has become prosperous without a strong higher education system. Yet this has not persuaded some from wondering whether poorer countries can afford to invest in higher education. But it is lack of investment in higher education-within a comprehensive approach to sound education at all levels-that continues to hamper out efforts to eliminate poverty, we should be clear and unequivocal in the reasons why poverty cannot be overcome without the benefits of higher education while we get on with the work of building stable, high quality higher education systems in all countries.

This paper discusses on higher education's value added to development with respect to capacity enhancement at the individual, institutional and social levels; science and technology, for the knowledge needed to tackle problem of health, food security, sustainable use of the environment, among others; The knowledge economy-to integrate knowledge production, application, and dissemination; productivity-and its links to prosperity.

Lessons over the last decades of development assistance point to the critical role of capacity enhancement in promoting sustainable development. At the heart of capacity enhancement is the importance of intellectual capacity in analyzing national development challenges; formulating policy options to patient record management specialists, etc. All acquired their particular skills through some type of education.

We know also that flexibility and adaptability are needed in both the labour force and in social institutions. Higher education develops the cognitive abilities that allow individuals to adapt to a greater range of complex social situations. The resulting differentiation is the basis of a number of key institutions and practices that allow countries to maintain a high level of wealth.

- Had higher levels of earnings than both the population in general and their parents.
- Were employed in jobs that required multiple skills, especially computer skills,
- Had better overall health, with lower levels of cigarette smoking, obesity, less depression and a greater overall sense of well-being.
- Held beliefs and attitudes more conducive to social cohesion and civic harmony, including a greater belief in racial equality.
- Less unquestioning acceptance of authority, higher voting rates, more community volunteerism, and-among those with children-greater involvement in parent teacher associations;(Revisiting the Benefits of Higher Education; Report by the Bedford Group for life course and statistical studies, Institute of Education, April, 2003).

## **PRIVATE HIGHER EDUCATION**

Another closely related and important issue of concern in the development of education in the last quarter century refers to private higher education. Many of the private institutions are privately managed, but are funded by the State to a substantial extent. 'Complete' or 'pure' private institutions may now be very few in number; but they are rapidly increasing in number.

Private higher education institutions in education have been growing rapidly in all countries. The private sector meets a large part of the demand for higher education 70 per cent in Japan, Korea, and Taiwan. As high as 73 per cent of all universities, 84 per cent of all junior colleges in Japan are private, enrolling more than 70 per cent of total students in these institutions in 1992. Korea provides yet another example of extensive higher education operated by the private sector: 84 per cent of higher education institutions and nearly 80 per cent of higher education enrolment were in the private sector in 1993. Private higher education institutions in Taiwan outnumber public institutions 2 to 1, capturing 70 per cent of the enrolment. The share of private enrolment in higher education in Japan, Korea, and Taiwan are among the higher in the world; and no country except

the United States has enrolment in private institutions adding up to more than 10 per cent of the total enrolment in higher education, and even there the figure is only 10 per cent. In a sense, the Korean and Japanese experience combined seems to be in sharp contrast to the traditional welfare-state approach -- not to mention the traditionally important role of the state in the provision of education that dominates the pattern of educational development in European economies such as the United Kingdom, Sweden, Switzerland and Italy, and in the United States and Canada as well. Many other economies in East Asia – Singapore, Taiwan, Hong Kong, and China -- do not rely on private financing to the extent that Korea and Japan do.

Private education has grown, essentially to meet excess demand and differentiated demand for higher education. First, the social demand for higher education exceeds the public supply, and the private market seeks to meet the unsatisfied demand. Secondly, demand for different quality (presumably high quality) and content in education (such as, for example, religious education) also contributes to the growth of privatization. On the supply side, private entrepreneurs are ready to provide higher education either for philanthropic or other altruistic motives, or for profit. The dividends could be quick economic profits, besides social and political gains.

The case for privatization of higher education exists mostly on the basis of financial considerations. Public budgets for higher education are at best stagnant, and are indeed declining in real terms, more particularly in relation to other sectors of the economy. Privatization is also favoured on the grounds that it would provide enhanced levels of internal and external efficiency of higher education, and higher quality of education; and as the private sector would have to compete with the public sector, the competition would result in improvement in quality and efficiency not only of private education but also even public higher education. In the long run, due to economies of scale, private institutions provide better quality education at lower cost than public institutions, as in Japan.

On the other hand, privatization is opposed on at least three sets of reasons. The existing market system does not ensure optimum social investment in higher education, as externalities exist in the case of higher education, which is a ‘quasi-public good’. The market system also fails to keep consumers well informed of the costs and benefits of higher education. It is likely that the costs of private education are much higher than public education as in the United States and the Republic of Korea. Finally, a private system of higher education is also insensitive to distributional considerations, and in fact contributes to socio-economic inequalities. Accordingly, public education is not only superior to private education, but private institutions cannot even survive without state support.

One of the most common myths is that there is huge demand for private higher education, as private education is qualitatively superior to public education. But the available evidence shows that the higher quality of private education compared with public higher education is exaggerated. Even the availability of space per student and other facilities are reasonably higher in public universities than in private universities in many countries. For example in Japan private universities spend less than half of what public universities spend per student. It is only in the United States that the difference is in favour of private universities. All this should indicate that quality differences are indeed more favourable to public than to private universities. Yet private universities may sometimes show better results in final examinations, as essentially they admit only the best prepared students with better socioeconomic background. However, ‘graduation of the “best” graduates is not by itself a proof of the “best” education’. Even if the quality of output is taken in to consideration, that is, internal efficiency, measured in terms of academic achievement, success rates, drop-out rates, failure rates, etc., private education does not compare favourably.

It is also argued that as the private sector has to compete with the public sector, the efficiency of the former and, equally important, the efficiency of all higher education, including public, improve significantly. But in countries where mass private sectors prevail, or in countries where

private sectors play a peripheral role, there is little scope for competition, and as a result, the private sector may turn out to be very inefficient, and even economically corrupt. Thus the arguments on efficiency and quality of private higher education do not withstand any close scrutiny.

Secondly, it is widely believed that graduates from private universities receive higher rewards in the labour market in the form of lower unemployment rates, better paid jobs and consequently higher earnings. In short, the external efficiency of private higher education is argued to be greater than public higher education, which would explain the growth of privatization. But the empirical evidence does not support these assumptions. Unemployment rates among graduates from private universities are generally higher than those from public universities in many developing countries. Estimated rates of return, a summary statistic of the external or labour-market efficiency of education show that public higher education pays better than private higher education. (Jimenez and Tan, 1987).

Some argue that private institutions provide considerable relief from financial burden to the governments, as they are self-financing. But as well known, most private institutions are not totally private, at least from a financial standpoint. They receive huge subsidies from the state. It is not only state-aided private institution, but also other private education institutions receive subsidies-hidden subsidies in the form of land and material at concessional rates, tax exemptions etc. In all, private institutions do not provide any relief to the government in the form of saving of public resources. If there is any relief to the government, that is very small, and there is no relief to the people, as these institutions charge huge amounts as fees. Rarely private institutions make any investment of any significant magnitude from their own sources.

Fourthly, it is felt that the private sector responds to the economic needs of the individual and society, and provides relevant types of education. In most countries, private higher education institutions offer mainly low capital-intensive disciplines of study. It is true that not only are there few private universities involved in research activities, but they are also involved in providing cheap commercial and vocational training as in the case of several Latin American countries, or in the case of 'parallel' colleges in Karalla in India (Nair and Ajit, 1984). When the potential for economic profit is high, the private sector entered into professional fields and opened engineering and medical colleges, as in India many with poor infrastructure (Kothari, 1986). On the whole, research and broad educational needs of the economy are barely served by the private sector.

It is also claimed that private higher education can improve equity in education, by providing access to many more students, who, otherwise, would not have gone to higher education. It is important to note that private universities are created mainly to protect the 'elitist' character of education, and to keep the masses away from higher education. As private institutions outnumber the public institutions over the years, the government feels no need to establish new public universities, and as a result, the weaker sections of the society would get permanently marginalized.

Some argue that privatization of higher education improves income distribution, as public funding of higher education, with all its 'perverse effects' is generally found to be regressive (Psacharopoulos, 1977; Blaug, 1982). Again, systematic research has shown that it is not true. As evidence from Japan, one of the few countries to have carried out elaborate investigations on this issue, shows, public universities seem to have higher redistributive effects than private universities in transferring resources from the top income quintile to the other. In many countries, the growth of privatization can be attributed largely to the failure of public universities, while private universities have certainly made positive contributions. Private universities in some countries, such as the United States, have contributed in important and unique ways to diversity, independence, quality, efficiency and innovation (Breneman and Finn, 1978, p.6). In countries like Japan, each private university has its own identity, tradition, culture, etc.



In contrast, public universities hardly offer any diversity or individual choice. In this sense, privatization increases the possibilities for individual choice in the type and quality of higher education.

The goals and strategies of the private sector in higher education are on the whole highly injurious to the public interest. First, the private sector has turned the 'non-profit sector' into a high-profit-making sector not only in terms of social and political power, but also in terms of financial returns, and as profits are not allowed in educational enterprises in several countries, private educational enterprises have resorted to illegal activities in education. When governments attempted to regulate profits by allowing state subsidies and restricting fee levels, all the private institutions found they had one thing in common—a demand for subsidies. In the first instance, state subsidies eased financial crisis of the private universities, as in Brazil, and in the long run contributed to 'private enrichment at public expense'.

Secondly, by concentrating on profit-yielding, cheap, career-related commercial studies, the market-oriented private universities provide vocational training under the name of 'higher education' and ignore 'broader higher education'. Private universities also totally ignore research, which is essential for sustained development of higher education.

Thirdly, by charging high fees, private institutions create irreparable socio-economic inequities between the poor and rich income groups of the population. Private education is 'socially and economically divisive' (Psacharopoulos and Woodhall, 1985, p.144). Access to higher education by lower income groups is negatively affected by the rapid growth of privatization.

## **CONCLUSION**

This paper reviewed the level of development of higher education, and then critically examines some of the widely held presumptions on the relationship between higher education and development, including human development and reports significant effects of higher education on development. It demonstrated that no nation that has not expanded reasonably well its higher education system could aspire to achieve high level of socioeconomic transformation.

The paper also reviewed world experience with privatization of higher education and explained some arguments about private higher education. Higher education systems which are predominantly private, may not produce significant economic pay-offs, and certainly will not be able to contribute to the transformation of the developing economies into advanced economies. The role of the state is very important in providing and financing education everywhere. Excessive reliance of the governments on private sector for the development of higher education may lead to strengthening and even produce new inequalities, besides adding to the problem of quality. On the whole, it seems that initial government investments on a large scale are important in higher education; but only after some time, and certain level of educational and economic development is achieved, private sector may or can complement the state efforts in higher education.

Comparing the experiences of several countries, one may conclude that these policies succeeded only in those countries that have invested heavily in education, including specifically higher education. The converse is also true. These policies could not yield good results in those countries that have made low and inadequate levels of investment in higher education, reflected on low levels of educational levels of workforce, as in countries in South Asia, and also in Southeast Asia like Viet Nam, Laos, Cambodia, etc., and many countries in sub-Saharan Africa, compared to the countries in East Asia.

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