

Volume 47 Number 2 June 2012

European Journal of
EDUCATION

RESEARCH, DEVELOPMENT AND POLICY

*The Privatisation of Higher Education:
comparative perspectives*

Edited by the European
Institute of Education
and Social Policy
www.eiesp.org



WILEY-
BLACKWELL

ISSN 0141 8211

EUROPEAN JOURNAL OF EDUCATION

research, development and policy

Volume 47 Number 2 June 2012

The Privatisation of Higher Education: comparative perspectives

Editorial

Georg Krücken & Kathia Serrano-Vélarde 173

Part I

How Important Is Private Higher Education in Europe? A Regional Analysis in Global Context
Daniel C. Levy 178

Private Higher Education and Economic Development
Robert D. Reisz & Manfred Stock 198

Public by Day, Private by Night: examining the private lives of Kenya's public universities
Gerald Wangenge-Ouma 213

Bringing the State Back In: restoring the role of the State in Chinese higher education
Ka Ho Mok 228

The Rise of the For-Profit Sector in US Higher Education and the Brazilian Effect
John Aubrey Douglass 242

Does Graduating from a Private University Make a Difference? Evidence from Italy
Moris Triventi & Paolo Trivellato 260

Private Sector Consultants and Public Universities: the challenges of cross-sectoral knowledge transfers
Kathia Serrano-Vélarde & Georg Krücken 277

Part II

Privatisation by the Back Door: the case of the higher education policy in Israel
Haim H. Gaziel 290

Higher Education and Unemployment: a cointegration and causality analysis of the case of Turkey
Ekrem Erdem & Can Tansel Tugcu 299

Choices and Motivations: the why and how of Portuguese students' enrolment choices
Orlanda Tavares & José Brites Ferreira 310

A Smart Social Inclusion Policy for the EU: the role of education and training
Ides Nicaise 327

 **WILEY-BLACKWELL**

This journal is available online at Wiley Online Library.
Visit wileyonlinelibrary.com to search the articles
and register for table of contents e-mail alerts.

Editorial Board:

Chair:

ROBERTO CARNEIRO, *Universidade Católica Portuguesa, Lisboa* (rc@fch.lisboa.ucp.pt)

Joint Editors:

JEAN GORDON, *Director, European Institute of Education and Social Policy, Paris* (gordon@eiesp.org)

JEAN-PIERRE JALLADE, *Former Director, European Institute of Education and Social Policy, Paris* (jpjallade@club-internet.fr)

Members:

NORBERTO BOTTANI, *Consultant, Paris* (norberto.bottani@oxydiane.net)

GAËTANE CHAPELLE, *Université Catholique de Louvain, Louvain* (gaetane.chapelle@uclouvain.be)

FRANÇOIS DE JOUVENEL, *Groupe Futuribles, Paris* (fjovenel@futuribles.com)

RICHARD DESJARDINS, *The Danish School of Education, Aarhus University, København* (ride@dpu.dk)

GÁBOR HALÁSZ, *Faculty of Pedagogy and Psychology, ELTE University, Budapest* (Halasz.Gabor@ofi.hu)

DAVID ISTANCE, *CERI, OECD, Paris* (David.ISTANCE@oecd.org)

BARBARA KEHM, *International Centre for Higher Education Research, University of Kassel, Kassel*

(kehr@incher.uni-kassel.de)

ALAIN MICHEL, *Chair, European Institute of Education and Social Policy, Paris* (ajlmichel@orange.fr)

ANNE SLIWKA, *Heidelberg University of Education, Heidelberg* (sliwka@wu.ph-heidelberg.de)

ALEJANDRO TIANA, *UNED, Madrid* (atiana@edu.uned.es)

ILKKA TUOMI, *Meaning Processing Ltd, Helsinki* (ilkka.tuomi@meaningprocessing.com)

Assistant Editor:

CHRISTINA KEYES, *European Institute of Education and Social Policy, Paris* (eye@eiesp.org)

Publisher: The *European Journal of Education* is published by Blackwell Publishing Ltd, 9600 Garsington Road, Oxford OX4 2DQ, UK, or 350 Main Street, Malden, MA 02148, USA, on behalf of the European Institute of Education and Social Policy, Paris. ISSN 0141-8211 (Print); ISSN 1465-3435 (Online). Blackwell Publishing Ltd is now part of John Wiley & Sons. For the past 30 years, Editorial responsibility has rested with the *European Institute of Education and Social Policy*, which acts through the Editorial Board to determine the contents of the Journal.

Please visit www.eiesp.org to learn more about the European Institute of Education and Social Policy

Information for subscribers: The *European Journal of Education* is published in March, June, September and December. Subscription prices for 2012: Premium Institutional: £1,406 (UK), €1,784 (Europe), US\$2,357 (The Americas), US\$2,752 (Rest of World). Prices are exclusive of tax. Asia-Pacific GST, Canadian GST and European VAT will be applied at the appropriate rates. For more information on current tax rates, please go to www.wileyonlinelibrary.com/tax-vat. The price includes online access from current content and all online back files to January 1st 2007, where available. For other pricing options, including access information and terms and conditions, please visit www.wileyonlinelibrary.com/access

Delivery Terms and Legal Title

Prices include delivery of print journals to the recipient's address. Delivery terms are Delivered Duty Unpaid (DDU); the recipient is responsible for paying any import duty or taxes. Legal title passes to the customer on despatch by our distributors.

Journal Customer Services: For ordering information, claims and any enquiry concerning your journal subscription please go to www.wileycustomerhelp.com/ask or contact your nearest office:

Americas: Email: cs-journals@wiley.com; Tel: +1 781 388 8598 or 1 800 835 6770 (Toll free in the USA & Canada)

Europe, Middle East and Africa: Email: cs-journals@wiley.com; Tel: +44 (0) 1865 778315

Asia Pacific: Email: cs-journals@wiley.com; Tel: +65 6511 8000

Visit our Online Customer Get-Help available in 6 languages at www.wileycustomerhelp.com

Back issues: Single issues from current and recent volumes are available at the current single issue price from cs-journals@wiley.com. Earlier issues may be obtained from Periodicals Service Company, 11 Main Street, Germantown, NY 12526, USA. Tel: +1-518-537-4700, Fax: +1-518-537-5899, Email: psc@periodicals.com

Periodical ID Statement: EUROPEAN JOURNAL OF EDUCATION (ISSN 0141 8211) is published quarterly. US mailing agent: Mercury Airfreight International Inc., 365 Blair Road, Avenel, NJ 07001, USA. Periodical postage paid at Rahway, NJ. POSTMASTER: Send all address changes to EUROPEAN JOURNAL OF EDUCATION, Journal Customer Services, John Wiley & Sons Inc., 350 Main St., Malden, MA 02148-5020.

Copyright and photocopying: Copyright © 2012 Blackwell Publishing Ltd. All rights reserved. No part of this publication may be reproduced, stored or transmitted in any form or by any means without the prior permission in writing from the copyright holder. Authorization to photocopy items for internal and personal use is granted by the copyright holder for libraries and other users registered with their local Reproduction Rights Organisation (RRO), e.g. Copyright Clearance Center (CCC), 222 Rosewood Drive, Danvers, MA 01923, USA (www.copyright.com), provided the appropriate fee is paid directly to the RRO. This consent does not extend to other kinds of copying such as copying for general distribution, for advertising and promotional purposes, for creating new collective works or for resale. Special requests should be addressed to: PermissionsUK@wiley.com

Abstracting and Indexing Services: The journal is indexed by Australian Education Index; British Education Index; Contents Pages in Education; Database of Research on International Education; Dietrich's Index Philosophicus; ERIC; Ecology Abstracts; Education Index; Education Research Index; Educational Management Abstracts; FRANCIS; IBZ — Internationale Bibliographie der Geistes- und Sozialwissenschaftlichen Zeitschriftenliteratur; Internationale Bibliographie der Rezensionen Geistes- und Sozialwissenschaftlicher Literatur; Periodicals Contents Index; Research into Higher Education Abstracts; Russian Academy of Sciences Bibliographies; SCOPUS; Sociology of Education Abstracts; Technical Education & Training Abstracts; World Banking Abstracts; World Magazine Bank.

Editorial

Georg Krücken & Kathia Serrano-Velarde

Privatisation may well be one of the most important and contested trends in contemporary higher education. Its rapid spread in higher education systems across the world (Kim & Woo, 2009; Bernasconi, 2008; Levy, 2006; Narayana, 2006; Kolesnikov *et al.* 2005) and the increasing diversity of its forms and practices represent a challenge for researchers, practitioners, and policymakers in the field of education. It is these challenges we would like to address in the first part of this issue of EJE. Although the existing literature offers — with varying degrees of polemics — different ways of understanding the word *privatisation*, an unbiased working definition should, in broad terms, describe the increasing level of private contributions to the provision of higher education. This is the comprehensive sense in which the term is used here; it thus includes the creation of private training and research institutions, the introduction of private capital into public institutions, and the movement of ideas and ideologies. Consequently, the articles we have gathered for this special issue come from three different strands of research: (a) the expansion of private higher education institutions, (b) hybrid financial arrangements and the growth of private investments in public higher education, and (c) the ideological underpinnings of privatisation and their impact on students and faculty.

The Expansion of Private Higher Education

Worldwide, participation rates in higher education are increasing rapidly, and this has led to diversification in its provision (Schofer & Meyer, 2005). While some countries, such as the US, have a long tradition of private higher education, many others — for example, in Europe or in Africa — have only recently ventured into this domain. Scholars of this research strand tend to focus their analyses on private higher education institutions. Since these may be run on a non-profit or a for-profit basis, it is their independent legal status that distinguishes them from public-sector institutions. Here, privatisation can be considered as referring to the expansion of private higher education institutions within a given higher education system. Over the past decades, the growing demand for higher education has been partially absorbed by private higher education. While it may offer greater access to higher education and promote social mobility, it also raises pressing questions about quality, transparency, and regulation (Robertson & Dale 2007). The first part of this issue features two articles that examine private sector enrolment from a macro-comparative perspective. Levy's article offers a comparative historical analysis of the development of private higher education in Europe, providing insight into the peculiarities of European higher education and its potential for privatisation. Reisz and Stock follow with an investigation of the relationship between private higher education attainment and the wealth of nations, as reflected by per-capita GDP. Their quantitative, cross-sectional analysis shows that a simple, generalised description of the relationship between enrolment in the private sector and the wealth of nations does not exist.

Private Investments as Cost-sharing

Greater access to higher education has made public universities a heavier financial burden for States, and evidence suggests that public expenditures have not kept pace with this growth, resulting in a large decrease in per-capita funding. This has forced public higher education institutions and their stakeholders to search for alternative sources of funding, and, increasingly, to engage in activities that generate revenue. This trend has brought with it a host of conflicts and problems (Weisbrod *et al.*, 2008; Slaughter & Leslie, 1997). In the US for instance, the 2008 economic crisis led to massive cuts in public spending on education, forcing universities to increase tuition fees. This, in turn, sparked social outcry about the affordability of higher education. In Europe, on the other hand, seeking philanthropic contributions to higher education is a delicate matter, since there is no 'culture of giving' in higher education, where students feel little personal commitment to their alma maters and tend not to recognise their entrepreneurial qualities. Efforts in Europe to establish academic fundraising or sponsorships have thus remained marginal and misunderstood. This research strand understands privatisation as the hybridisation of public and private elements within higher education institutions. The second section of this issue contains three case studies, each of which offers a distinctive and historically informed description of a path towards the privatisation of higher education institutions. In his article on the privatisation of Kenya's public universities, Ouma probes the broader context of socio-economic reforms that informed the privatisation of Kenya's public universities, as well as the local and global forces behind these reforms. Over time, as they expanded their higher education offering to private and fee-paying students, Kenyan public universities developed what were essentially private branches. In this section's second article, Mok offers a policy analysis of recent efforts by the Chinese government to satisfactorily regulate the private sector's role in higher education. He studies the effects of a long period of liberalisation of the Chinese public education system on public opinion and state action. In this section's final contribution, Douglass investigates the consequences of an economic recession on US higher education institutions and shows how private institutions have managed to gain access to public funding by attracting large pools of government-subsidised students.

Ideologies of Privatisation

The third part of this issue addresses the ideological dimension of the privatisation of higher education. Here, privatisation refers to a (neo-)liberal reform discourse increasingly prevalent in our societies. Since the 1990s, policy makers have viewed universities as catalysts for economic development and growth. In this light, they become research-intensive organisations and training facilities for highly skilled labour, and, as such, are expected to generate added value for both individual investors, such as businesses and students, and for society as a whole. This challenge to become 'entrepreneurial' (Etzkowitz & Leydesdorff, 2000) contrasts with their scholarly traditions and values in two ways (Shore, 2009; Pritchard, 2005).

First, the diffusion of economic values in higher education has substantially altered universities' research and teaching missions. For example, the concept of 'employability' has taken centre stage in European reform initiatives. Here,

employability refers to a person's initial ability to find gainful employment and, subsequently, to remain employed and find new employment if necessary (Keeling, 2006). According to this principle, universities are responsible for improving their graduates' prospects in the labour market. In other words, the better and more robust a university's links to industry, the greater its graduates' chances of finding and retaining suitable employment. Private higher education seems to provide such links, but whether this policy discourse has had any real effect on graduates' labour prospects remains to be seen. In their article, Trivellato and Triventi tackle this question by analysing the impact of private higher education on the short-term employment prospects of Italian graduates. Using a dataset of more than 40,000 graduates, they conclude that private universities offer no clear advantage over their public counterparts.

A second yet related conflict concerns academic governance structures. With the introduction of market-based steering devices, academia is slowly evolving away from an ideal of professionally oriented service to one of a contractually-based innovation business (Deem *et al.*, 2007; Olssen & Peters, 2005). The resulting hybridisation of university structures challenges traditional academic culture in several ways (Henkel, 2005; Musselin, 2005). In their article on management consulting activities in academia, Serrano-Velarde and Krücken analyse the cross-sectoral diffusion of management knowledge in Germany, the UK, and France. Their qualitative analysis exposes the conflicts and limits inherent to management consulting in the academic world, due to the systemic idiosyncrasies of the communication culture in academia. Generally speaking, British universities seem more open to consulting services than their continental European counterparts. However, a qualitative, in-depth analysis reveals striking similarities among British, German, and French universities at the micro level: at close range, academic communication patterns, procedures, and values are surprisingly similar across the three countries. These communication patterns, procedures, and values differ sharply from those prevalent in private-sector consulting, demonstrating the limits of private sector rationales in higher education.

By cutting across the lines of political ideology, this issue seeks to offer a theoretically informed discussion that is both international and multidisciplinary. In particular, we wish to engage a discussion that rises above the normative cleavages usually associated with the issue of privatisation in higher education by examining the term's many meanings, as well as the heterogeneity of its practices. Very different responses to common challenges emerge, and the importance of national path-dependencies in dealing with privatisation is clear. There is, however, a common thread to all these articles: each one exposes the limits of framing the issue of privatisation as a binary of 'market vs. state'. These two are now so closely intertwined that privatisation can no longer be understood without taking state regulations and subsidies into account or without considering the need for ideological support from the political realm. The issue of privatisation is complex indeed and poses great challenges for academics and policy-makers alike.

In Part II, the article by Haim H. Gaziel on Israel analyses the crucial question of which factors determine the role that the State assumes in the process of privatisation and the shift in the modes of intervention from ownership to regulation. It seeks to understand the process of privatisation and deregulation of Israel's higher education system, which, until the late 20th century, had been predominantly public.

The article by Orlanda Tavares and José Brites Ferreira analyses the reasons and motivations that attract Portuguese students to higher education and which are the more relevant factors they consider when choosing a higher education institution. It presents the preliminary analysis of the results of a questionnaire filled in by 11,467 students entering different types of higher education institutions in 2006/07.

The article by Ekrem Erdem and Can Tansel Tugçu analyses the short and long-term relations between higher education and unemployment in Turkey. The cointegration and error correction analysis show that higher education is one of the factors which increases the unemployment rate both in the short and the long-run. In addition, findings of causality analysis reveal that there is a bi-directional causality between higher education and unemployment and support evidence in favour of Plümper and Schneider (2007)'s theory. The study concludes that, if governments wish to benefit optimally from the higher education graduates in Turkey, they should not invest more in higher education than the economy needs.

The article by Ides Nicaise analyses the issue of social inclusion. Despite sustained efforts to combat poverty at local, regional, national government and EU-levels, 84 million Europeans live in poverty. Not surprisingly, there is a strong correlation between the poverty risk of households and the level of education of the household head. Families with a low-educated head face a poverty risk which is twice that of those where the head has completed secondary education, while the risk of the latter is twice that of families where the head has a higher education diploma. The odds ratios are greater in the new Member States.

Kathia Serrano-Vélarde, CSI, Heidelberg University, Adenauerplatz 1, 69115 Heidelberg, Germany, kathia.serrano@csi.uni-heidelberg.de, www.csi.uni-heidelberg.de/serrano.htm

Georg Krücken, INCHER, Kassel University, Mönchebergstrasse 17, 34109 Kassel, Germany, Kruecken@incher.uni-kassel.de

Acknowledgement

We would like to thank the speakers and participants of the international symposium 'The privatization of higher education: Private investments for the common good?' (October 2011, Heidelberg) for their excellent comments and enthusiasm. Financial support from the Manfred Lautenschläger Foundation is gratefully acknowledged.

REFERENCES

- BERNASCONI, A. (2008) Is there a Latin American model of the university? *Comparative Education Review*, 52, pp. 27–52.
- DEEM R., HILLYARD, S. & REED, M. (2007) *Knowledge, Higher Education, and the New Managerialism. The Changing Management of UK Universities* (Oxford, Oxford University Press).
- HENKEL, M. (2005) Academic identity and autonomy in a changing policy environment, *Higher Education*, 49, pp. 155–176.

- KOLESNIKOV, V., KUCHER, I. & TURCHENKO, V. (2005) The commercialization of higher education. A threat to the national security of Russia, *Russian Education & Society*, 47, pp. 35–48.
- KEELING, R. (2006) The Bologna Process and the Lisbon research agenda. The European Commission's expanding role in higher education discourse, *European Journal of Education*, 41, pp. 203–223.
- KIM, K-S. & Woo, Y-J. (2009) Isn't it a pyrrhic victory? Over-privatization and universal access in tertiary education of Korea, *Asia Pacific Education Review Journal*, 10, pp. 125–137.
- LEVY, D. (2006) The unanticipated explosion. Private higher education's global surge, *Comparative Education Review*, 50, pp. 217–240.
- ETZKOWITZ, H. & LEYDESDORFF, L. (2000) The dynamics of innovation. From national systems and 'mode 2' to a triple helix of university-industry-government relations, *Research Policy*, 29, pp. 109–123.
- MUSSELIN, C. (2005) European academic labor markets in transition, *Higher Education*, 49, pp. 135–154.
- MUSSELIN, C. (2009) New management responsibilities. The organizational transformation of European universities, in: J. DOUGLASS, C. KING & I. FELLER (Eds) *Globalization's Muse. Universities and Higher Education Systems in a Changing World* (Berkeley, Berkeley Public Policy Press).
- NARAYANA, M. (2006) Privatisation policies and postprivatisation control devices in India's higher education. Evidence from a regional study and implications for developing countries, *Journal of Studies in International Education*, 10, pp. 46–70.
- OLSSSEN, M. & PETERS, M. (2005) Neoliberalism, higher education and the knowledge economy. From the free market to knowledge capitalism, *Journal of Education Policy*, 20, pp. 313–345.
- PLUMPER, T. & SCHNEIDER, C. J. (2007) Too much to die, too little to live: unemployment, higher education policies and university budgets in Germany, *Journal of European Public Policy*, 14, pp. 631–653.
- PRITCHARD, R. (2005) The influence of market force culture on British and German academics, *Comparative Education*, 41, pp. 433–454.
- ROBERTSON, S. & DALE, R. (2007) New arenas of global governance and international organisations. Reflections and directions, in: K. MARTENS, A. RUSCONI, & K. LEUZE (Eds) *New Arenas of Education Governance. The Impact of International Organizations and Markets on Educational Policy Making* (Basingstoke, Palgrave MacMillan).
- SCHOFER, E. & MEYER, J. (2005) The worldwide expansion of higher education in the twentieth century, *American Sociological Review*, 70, pp. 898–920.
- SHORE, C. (2009) Beyond the multiversity. Neoliberalism and the rise of the schizophrenic university, *Social Anthropology*, 18, pp. 15–29.
- SLAUGHTER, S. & LESLIE, L. (1997) *Academic Capitalism. Politics, Policies and the Entrepreneurial University* (Baltimore, Johns Hopkins University Press).
- WEISBROD, B., BALLOU, J. & ASCH, E. (2008) *Mission and Money. Understanding the University* (Cambridge, New York and London).