

have been allowed to come into India and establish franchise centers in the country—offering degrees or diplomas, which are not necessarily recognized by the parent universities in their own countries. Second, Indian institutions of higher education have been permitted to start similar centers in other countries. In the absence of a clear policy, both phenomena seem to be growing in size, more often than not creating problems—as second- and third-rate private universities are frequently the ones getting involved in this quick money-making scheme.

The approach of some state governments in India promoting higher education, mainly higher technical education, to create manpower for export has boomeranged. The rapid growth of private engineering colleges and management institutions has produced, not high-quality scientific and technical manpower, but IT *coolies*, who contribute very little in the national and international markets. The overall result is indeed a glut in the labor market. The chaos of international, political, and economic events causes panic among students—particularly those who studied with a view to going abroad—the colleges that produced graduates for export, and the IT sector that does not care for the domestic market but only for its ties to the international market.

#### *The Lack of a Perspective for the Future*

The government has taken several initiatives that seem to suggest that since the system is rapidly privatizing perhaps there is no need for a specific private higher education bill. For example, a few private institutions of higher education have virtually been given university status: they have been recognized as “deemed universities.” A few universities (for example, the Guru Gobindsingh Indraprashta University in Delhi) have been created that consist only of affiliating private self-financing colleges. A few other private institutions (e.g., International Business Schools, and Indian Institutes of Information Technology), are actually allowed to operate virtually as universities or their equivalent and to offer degrees and diplomas. All this is in addition to allowing the rapid growth of college-level private self-financing institutions and the conversion, in several states, of government-aided private institutions into private self-financing (or unaided) institutions. In a sense, a large part of the higher education system in India is rapidly being de facto privatized.

The absence of a coherent long-term policy perspective on higher education has been the hallmark of Indian higher education in the 1990s and even in the present decade. The government’s lack of clarity on how to address the issue of privatization has led to ad hoc policies or, in their absence, to the chaos created by the several actors of higher education—the central government, the states, the University Grants

Commission, the All India Council for Technical Education, the National Council of Teacher Education, universities, colleges, and (most importantly) the private sector. Market forces have become very active; but since the markets in developing countries like India are incomplete and imperfect, the outcomes are far from perfect and, in some areas, disastrous.

Basically, the assumptions of the government concerning higher education have been faulty. Transforming the Indian economy into an East Asian tiger-like economy was the goal, yet government apparently thought it could afford to ignore higher education and leave it to the private sector—as if economic miracles could be created without higher education. Government seems to assume that even a knowledge society can be built and a revolution in information technology can be achieved without bothering to strengthen higher education institutions. These are untenable assumptions. The government also seems to be under the impression that it can withdraw from higher education and save its resources, leaving the private sector to fill the gap in the development of higher education. Not only are these assumptions not borne out by any evidence, they can be dangerous for the higher education system and the broader society. ■

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## South Africa and the For-Profit/Public Institutional Interface

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### *The For-Profit Surge*

A for-profit surge is one striking dimension regarding the general expansion of private higher education globally. Many private higher education institutions maintain formal nonprofit legal status while functioning like for-profits; increasingly common, however, higher education with for-profit legal status, which is our focus.

The U.S. for-profit surge of the last two decades, having caught almost everyone by surprise, is now the subject of a spate of data-packed studies. The United

States is a unique case for such research. But it is far from unique regarding the presence or expansion of for-profit higher education. Brazil, China (assuming passage of significant new legislation), Jordan, Malaysia, the Philippines, and Ukraine are among countries with growing, sometimes prominent, for-profit sectors, even while many other nations proscribe for-profits.

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***Many private higher education institutions maintain formal nonprofit legal status while functioning like for-profits.***

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South Africa provides a particularly interesting example for exploring for-profit dynamics beyond the U.S. case. Its private higher education surge took place in the 1990s, going well beyond prior proprietary schools and correspondence courses. Quite unlike the U.S. case, South Africa's private higher education is mostly, even overwhelmingly, for-profit. Thanks largely to recent surveying by both the Human Science Research Council and the Education Policy Unit at the University of the Western Cape, the country may be developing an informational base on for-profits superior to any outside the United States.

The South African case can help us explore the dynamics of the for-profit/public interface. One key aspect of that interface concerns for-profits and government policy; a related aspect, considered here, is the relationship between for-profit and public higher education institutions. South Africa shows striking tendencies in the for-profit/public institutional interface. Future research will have to assess how common these tendencies are in places where for-profits exist, as well as how they differ from those within higher education's more general private (including nonprofit)/public interface.

#### *Complementarity*

Complementarity is a key principle and reality in South Africa. A 1997 white paper of the initial postapartheid government welcomed private higher education but with restrictions emphasizing how private higher education should provide enhanced postsecondary access and job relevance while not basically challenging public higher education.

In fact, South Africa's for-profit expansion has occurred largely at "level 5," a postsecondary level "below" the standard first-degree university level. More extensively in South Africa than in the United States, such concentration appears common among for-profits. (For-profits are also prominent in South Africa's "further

education," which, however, is not counted as higher education.) Also quite pronounced in South Africa is the for-profit concentration on commercial fields of study; these sometimes include material or approaches sparse in the public sector.

Unlike much of the Third World, South Africa has not suffered major erosion in the perceived quality of its public universities. As in most Asian countries, then, no major exodus of elites has occurred from the public to the private sector. In circumstances like these, an academically formidable public sector may feel little threat from an expanding private for-profit sector that leaves aside traditional high-prestige academic tasks.

Moreover, in such settings the public institutions' stance may even be favorable rather than indifferent. For one thing, the striking commercial thrust of the for-profits, with their lower status, may reduce (not eliminate) pressure on the publics to take in less-prepared students, assume tasks outside their expertise or interest, respond directly to the marketplace, and meet rigid bottom lines.

Nor are public institutions necessarily just passive observers. On the contrary, South Africa quickly became notable in the 1990s for the extent of the partnerships between public and private higher education institutions. Parallels and variations exist in other countries where private commercial higher education (for-profit or nonprofit) thrives, as in China and Malaysia.

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***For-profits find ways to trim costs. In the United States and in South Africa, they drop both frills and academic pursuits not directly linked to attracting students with job aspirations.***

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South Africa's public institutions may seek access to paying students, underrepresented groups, and perhaps to commercial innovation and stimuli for their own personnel. The private institutions tend to seek ties to high-status institutions, access to facilities, enhanced opportunities for their students to transfer upward, and use of developed curriculum—all of which in turn improves their ability to recruit students. Each partner thus strengthens its legitimacy and its finances, though only one partner identifies the latter with profit.

#### *Tensions*

But South Africa also shows tensions in such for-profit/public institutional interfaces. Even where the institutions are happily partnered, government may be very suspicious of the financial arrangements, what it winds

up subsidizing, what the public institutions truly provide to private students, and what the for-profits really deliver in quality. In 1999 the government imposed a moratorium on new partnerships.

Moreover, institutional types do not always get along well with each other, even where partnerships exist. The for-profit predominance of South Africa's private growth does not ward off common public-sector wariness about new private institutions, especially in settings lacking much private higher education tradition. Public critics allege the privates' low academic quality and hypercommercialism, charges that ring especially true to many (accurately or not) where the privates are for-profit. Meanwhile, for-profits sometimes charge public institutions with obstruction, haughtiness, and failure to deliver on certain partnership promises.

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***The form of competition where for-profits predominate is business competition.***

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Furthermore, for all the for-profit/public complementarity, the South African case shows the kind of intersectoral competition that can exist simultaneously. True, the very limited presence of universities (as well as nonprofit and religious institutions) in private higher education limits intersectoral competition at the top of the academic hierarchy. But where exceptions have arisen, public institutions have lobbied government for controls. Thus, recent government restrictions have fallen especially hard on aspiring transnational institutions (such as Bond and Morgan) that had taken quick strides in the 1990s.

But the more common form of competition where for-profits predominate is a business competition. For-profits find ways to trim costs. As in the United States and apparently in South Africa as well, they drop both frills and academic pursuits not directly linked to attracting students with job aspirations. Indicators suggest success on the job front and with student satisfaction. Innovative or at least job-oriented fields of study pose threats to public competitors, as can hierarchical and lean management and faculty structures. The South African for-profit challenge sharpens where large business groups own private higher education institutions and foster direct job training and access.

Such for-profit challenges are particularly tough while, in South Africa as in most of the world, there is increasing pressure on higher education generally to be more efficient on matters such as job relevance. How such challenges play out against the striking complementarity that for-profits also can bring will say much about the future for-profit/public higher education institutional interface in countries such as South Africa. ■

## Evolution of Ukrainian Private Higher Education: 1991–2001

**Joseph Stetar and Elena Berezkina**

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The emergence of private education in Ukraine is tied to the country's need to address rapidly changing and long-suppressed educational, cultural, and economic challenges following independence in 1991. The emergence of Ukrainian nationalism and the beginning of a shift toward a more market-oriented economy highlighted significant gaps in the public sector—gaps the emerging private higher education institutions were quick to fill. Private higher education also served as a catalyst for a range of cultural, language, and religious groups seeking to reassert their identity following decades of Russification. Today, the Ministry of Education estimates private higher education institutions comprise about 6 percent of the total number of educational institutions.

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***The most difficult dimension of the accreditation procedure is the long set of strict quantitative requirements that goes far beyond the ability of the vast majority emerging private institution to meet.***

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Private higher education in Ukraine has undergone several stages of development in the last decade. The first private institutions emerged in 1991–1992 and rapidly grew in number over the next two years. State accreditation of private institutions began in 1995–1996. In the years from 1997 to 2000, private higher education institutions gained state recognition and issued their first diplomas

The majority of Ukrainian private higher education institutions utilize a “niche” strategy—that is, they orient their educational policy toward some limited but comparatively stable and underserved segment of the educational market. Conflicts between state and private higher education institutions usually arise over a narrow circle of the most profitable Ukraine specialties—e.g., law, economics, or management.

### *Governance*

Ukrainian legislation regarding the establishment of educational institutions is Byzantine in structure and prescribes different and unequal procedures for state and