

employed people with families and other commitments for whom overseas study is not an option.

UNACCREDITED (OR UNIVERSITY IN NAME ONLY)

A number of unaccredited US institutions have either attempted to do business or are currently doing business in Vietnam and many other countries. They actively seek out markets around the world in which consumers are uninformed, unsophisticated, keenly interested in foreign degree programs, and, in a word, vulnerable. It is in countries like Vietnam that these higher education providers find fertile ground, receptive audiences, and profit potential.

American Capital University (ACU), which was based in the diploma mill haven of Wyoming, once cooperated with the Singapore Management Training Centre (later called the “Senior Management Training Centre”) to offer an MBA program in Vietnam. (The ACU and SMTC, which was affiliated with Michael Yu’s SITC, are now defunct.) Like the SITC English-language training centers, students involved with the SMTC MBA ended up losing thousands of dollars, as victims of fraud.

ACCREDITED BUT QUESTIONABLE

This is yet another category of institutions: those that have entered (or wish to enter) Vietnam’s education market but offer very different programs in the United States than in Vietnam. The analogy would be a doctor whose specialization is podiatry in one country but who practices heart surgery in another.

For example, one US private, for-profit institution has negotiated partnerships with several well-known Vietnamese universities to offer BA and MBA programs. In the United States, this institution is an online university, but in Vietnam it is offering instruction with the use of US “mentors,” Vietnamese teaching assistants, and some combination of distance-learning tools.

There are two factors to consider with this type of institution. First, what is the quality of the education and training being provided? What are the standards for hiring teachers? Second, the quality of the institution awarding the degree affects the value of the degree now and in the future. If this institution is not taken seriously or viewed as substandard, the diploma and degree holder will be viewed in the same light.

CONCLUSION

In the wake of the recent SITC scandal, the Ministry of Education and Training has requested inspections of licensing, fees, and curricula at foreign-owned training centers. According to the Ministry of Planning and Investment, 72 foreign-invested training projects have been licensed, including one higher education project, five international general schools, three kindergartens, and 63 short-term training projects in IT, foreign language, and vocational training. As with their Vietnamese counterparts, foreign institutions—both in-

country and in their country of origin—must be held accountable for their actions. A free market does not mean freedom to exploit and to defraud.

It is my hope that the Vietnamese Ministry of Education and Training remains vigilant and makes every effort to approve only programs that benefit students, host institutions, and Vietnam as a whole. Quality programs that produce well-trained professionals and add to intellectual diversity are essential for Vietnam’s development.

It is also my hope that the financial well runs dry and the doors begin to close for unaccredited institutions and education businesses that aim to take advantage of “uneducated consumers.” My fear, however, is that these educational enterprises will continue to operate because of inadequate oversight, too much money, and the reality of credential inflation.

As we do with our educational advising, IIE-Vietnam will continue to provide free, unbiased, and accurate information about US institutions, be they in the United States or Vietnam, so that more Vietnamese will become educated and empowered consumers of foreign degree and other training programs. Vietnam is a poor country that can ill afford to squander precious resources, which inevitably results when programs make promises they cannot keep and replace the pursuit of knowledge with profit. ■

Declining Demand and Private Higher Education: The Portuguese Case

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HE devotes a column in each issue to a contribution from PROPHE, the Program for Research on Private Higher Education, headquartered at the University of Albany. See <http://www.albany.edu/dept/eaps/prophe/>.

The decline in private higher education has become a timely policy issue in several countries with a strong private sector. The situation is striking since this occurs in countries where private institutions emerged in a context of fast expansion of the overall higher education system and where there was no apparent lack of demand for new programs and institutions. It

is therefore interesting to analyze what happens to private higher education when the demand changes, either due to economic or demographic factors.

This phenomenon is illustrated by the Portuguese case. From the mid-1980s onwards there was a massive expansion of higher education in general and an even faster expansion of private higher education. However, by the mid-1990s the situation changed. The stabilization and the subsequent slight decline in the number of applicants to higher education, plus the steady expansion of public institutions, reduced the number of potential candidates to private institutions. During the last decade, many private institutions have experienced significant difficulties, and some of them eventually closed down.

The decline in enrollments in Portuguese private higher education seems to be the result of several forces. First, the current demographic decline has surfaced later in Portugal, where mass education also emerged later than in most of Europe. Second, the bottlenecks in lower levels of education have significantly reduced the number of potential candidates for higher education. Despite several policy initiatives, a sizable portion of Portuguese students do not finish compulsory education and less than half of the corresponding age cohort finishes secondary education. Third, there is the issue of regulation. During the period of expansion, private higher education was allowed to develop in an almost uncontrolled manner. However, recent governments seemed keener in making private institutions more accountable, and this forced some institutions to be more restrictive in their admissions procedures.

VULNERABILITIES OF PRIVATE HIGHER EDUCATION

The current difficulties faced by Portuguese private higher education are also partly explained by the system's own profile. The heyday of expansion saw a strong propensity to focus on cheap and popular degrees that positioned private institutions as demand absorbing, as has frequently happened in other countries that experienced recent expansions of the private sector. Likewise, private institutions have become strongly concentrated from a regional and disciplinary point of view. This has led to saturation in certain areas and made it more difficult to find alternative ways to attract students. The situation was made worse by the fact that, despite the increase in the level of cost-sharing, public institutions remained a much cheaper and prestigious alternative that students preferred in contrast to private ones.

The scale of the problem has forced private institutions to rethink their profile. The initial response was either one of denial or viewing the problem as a temporary one. Many institutions expected that the demand would recover and ignored the further decline of enrollments in pre-higher education levels. Eventually many institutions realized that the problems were persistent and started to contemplate some changes. One of the major possibilities has been a restructuring of the private higher education landscape through a process of mergers and acquisitions. The few cases thus far suggest that the merg-

er strategy is far more complex than the acquisition one. Some mergers have even been reversed after an experimental period, confirming the difficulties in linking institutions with different organizational identities that had previously regarded themselves as competitors. Most changes seem nevertheless more directed toward downsizing the scale of the private sector, by closing down programs or campuses that failed to attract a minimal number of students.

The Portuguese experience suggests that allowing private institutions to expand in an uncontrolled way may be damaging even for themselves.

However, it appears that many institutions may have learned insufficiently from their recent misfortunes. Many of them kept flooding the Ministry of Higher Education with proposals for new programs, apparently disregarding the fact that this would only shift applicants from existing programs to new ones without changing the overall context of declining demand. Yet, while it seems logical that most institutions would reduce their staff numbers in the face of declining student numbers, there are indications that the reduction in the former has been more than proportional—leading to increases in the average faculty workload. Moreover, to cut costs, many institutions have shifted from the best and most expensive faculty to less qualified and cheaper ones. This is hardly a route toward stronger credibility and attractiveness.

HARD BUT NECESSARY CHANGES

Molded in times of rapid expansion, private institutions seem to experience difficulties in developing strategies to deal with the declining student demand. Since the tight market in terms of student demand is unlikely to change significantly in the forthcoming years, private institutions risk becoming increasingly cornered in the few low-cost areas for which some unfulfilled demand in the public sector still exists. Thus, although in many countries private higher education may still thrive by positioning itself as a demand-absorbing sector, in some places the sector will have to rethink its mission and profile—so as to survive.

These developments should also provide some food for thought for governmental authorities. The Portuguese experience suggests that allowing private institutions to expand in an uncontrolled way may be damaging even for themselves. The system should be steered in a way to stimulate the private sector to develop sustainable and diverse institutions not excessively driven by demand-absorbing, short-term strategies. This approach will require a more rigorous assessment of private higher education projects in terms of staff, facilities, and academic orientation, instead of the usually prevalent pattern of lax regulation that stimulates opportunistic behavior and adverse selection. ■