Private Higher Education
A Global Revolution
GLOBAL PERSPECTIVES ON HIGHER EDUCATION

Volume 2

Higher education worldwide is in a period of transition, affected by globalization, the advent of mass access, changing relationships between the university and the state, and the new technologies, among others. Global Perspectives on Higher Education provides cogent analysis and comparative perspectives on these and other central issues affecting postsecondary education worldwide.

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This series is co-published with the Center for International Higher Education at Boston College.
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Private Higher Education
A Global Revolution

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# Table of Contents

**Foreword**  
Philip G. Altbach and Daniel C. Levy

**The Private Higher Education Revolution: An Introduction**  
Philip G. Altbach

## Part I: Global Perspectives

1. The Anatomy of Private Higher Education  
   (Summer 1998)  
   Philip G. Altbach

   Philip G. Altbach

3. The Rise of the Pseudouniversity  
   (Fall 2001)  
   Philip G. Altbach

4. Universities: Family Style  
   (Spring 2005)  
   Philip G. Altbach

5. Private Higher Education’s Surprise Roles  
   (Spring 2002)  
   Daniel C. Levy

6. “Pseudo U” or How Bad is the “U”?  
   (Winter 2002)  
   Daniel C. Levy

7. Public Policy and Private Higher Education  
   (Summer 1998)  
   Daniel C. Levy
8. Women’s Colleges and Universities in International Perspective (Fall 2004)
   Francesca Purcell and Robin Matross Helms

Part II: Africa

9. The Challenges of Catholic Universities in Africa: The Role of ACUHIAM (Summer 1998)
   Michel Lejeune
    Mahlubi Mabizela
    Corbin Michel Guedegbe
    Iman Farag
    Damtew Teferra
14. Privatization of Kenyan Public Universities (Summer 2004)
    Wycliffe Otieno
15. South Africa: The For-Profit/Public Institutional Interface (Fall 2002)
    Daniel C. Levy

Part III: Asia

16. The Private Sector in Asian Higher Education (Fall 2002)
    Philip G. Altbach
17. Private Higher Education in Central Asia (Winter 2005)
    Bermet Tursunkulova
18. Emergence of Private Postsecondary Education in the Former Soviet Republic of Azerbaijan (July 1996)
    James S. Catterall and Raymond McGhee, Jr.
    Richard Hopper
<table>
<thead>
<tr>
<th></th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>China’s Private Higher Education: The Impact of Public Sector Privatization (Fall 2005)</td>
<td>101</td>
</tr>
<tr>
<td></td>
<td>Yingxia Cao and Daniel C. Levy</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Students and Teachers at Private Universities in China (Winter 2005)</td>
<td>105</td>
</tr>
<tr>
<td></td>
<td>Jing Lin</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Private Higher Education in China: A Contested Terrain (Summer 2004)</td>
<td>109</td>
</tr>
<tr>
<td></td>
<td>Jing Lin</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>China's New Private Education Law (Spring 2003)</td>
<td>113</td>
</tr>
<tr>
<td></td>
<td>Fengqiao Yan and Daniel C. Levy</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>The Debate on Private Higher Education Development in China (Fall 1997)</td>
<td>117</td>
</tr>
<tr>
<td></td>
<td>Rui Yang</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Divided Government and Private Higher Education Growth in India (Spring 2004)</td>
<td>121</td>
</tr>
<tr>
<td></td>
<td>Asha Gupta</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Gender Stratification in Japanese Private Higher Education (Summer 2005)</td>
<td>125</td>
</tr>
<tr>
<td></td>
<td>Makoto Nagasawa</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Challenges for Catholic Higher Education in Japan (Fall 1999)</td>
<td>129</td>
</tr>
<tr>
<td></td>
<td>William Currie, S.J.</td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Private Universities in South Korea (Fall 2004)</td>
<td>133</td>
</tr>
<tr>
<td></td>
<td>Seung-Bo Kim and Sunwoong Kim</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Korean Private Higher Education Faces Economic Crisis (Fall 1998)</td>
<td>137</td>
</tr>
<tr>
<td></td>
<td>Sungho H. Lee</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>International Linkages in Malaysian Private Higher Education (Winter 2003)</td>
<td>141</td>
</tr>
<tr>
<td></td>
<td>Molly N. N. Lee</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Private Higher Education in Pakistan: The Need for Order (Fall 1997)</td>
<td>145</td>
</tr>
<tr>
<td></td>
<td>James Coffman</td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Student Magna Carta Results in Philippine Private Higher Education Protest (Winter 1998)</td>
<td>149</td>
</tr>
<tr>
<td></td>
<td>Andrew Gonzalez</td>
<td></td>
</tr>
</tbody>
</table>
33. Diversification within the Thai Private Sector (Summer 2005)  
   Prachayani Praphamontripong

34. Thailand’s Economic Crisis Slows Down Public and Private Higher Education (Summer 1998)  
   Edward Vargo

35. Nonpublic Higher Education in Vietnam (Summer 2004)  
   Ngoc Minh Le and Mark A. Ashwill

Part IV: Europe

36. Expansion and Development of Private Higher Education in East Central Europe (Summer 1999)  
   Hans C. Giesecke

   Daniel C. Levy

   Snejana Slantcheva

39. Catholic Universities in Central Europe (Spring 2005)  
   Marijan Sunjic

40. The Private Universities of Bulgaria (Summer 2002)  
   Snejana Slantcheva

41. Dual Privatization in Georgian Higher Education (Fall 2005)  
   Marie Pachuaashvili

42. Private Higher Education in Hungary (Fall 1997)  
   Judit Nagy-Darvas

43. Access and Private Higher Education in Poland (Winter 2005)  
   Wojciech Duczmal

44. Private versus Public in Romania: Consequences for the Market (Spring 2005)  
   Luminia Nicolescu
45. Missions of Private Higher Education in Romania (Winter 2005)  
   Robert D. Reisz

46. Problems of Private Higher Education in Russia (December 1996)  
   Evgenii Kodin

47. Russian Private Higher Education: Alliances with State-Run Organizations (Fall 2003)  
   Dmitry Suspitsin

   Joseph Stetar and James Stocker

49. Evolution of Private Higher Education in Ukraine (Fall 2002)  
   Joseph Stetar and Elena Berezkina

   Joseph Stetar, Oleksiy Panych, and Bin Cheng

Part V: Latin America

   Daniel C. Levy

52. Faculdade Pitagoras: A New Phoenix is Born—Private Initiative in Brazil (Winter 2002)  
   Claudio de Moura Castro

53. Private Higher Education with an Academic Focus: Chile's New Exceptionalism (Summer 2003)  
   Andrés Bernasconi

54. Recognizing the Subsectors in Mexican Private Higher Education (Summer 2005)  
   Juan Carlos Silas

55. New Private-Public Dynamics: Graduate Education in Uruguay (Fall 2005)  
   Pablo Landoni Couture

56. Impediments to Private Higher Education in Uruguay (Spring 2000)  
   Warren Roane
Part VI: Middle East

57. Higher Education in the Arabian Gulf: Privatization and Americanization (Fall 2003)  
James Coffman

58. On the Threshold: Private Universities in Jordan (Fall 1997)  
Dolores L. Burke and Ahmad A. Al-Waked

Part VII: United States

59. U.S. For-Profit Postsecondary Institutions: Departure or Extension? (Spring 2004)  
Guilbert C. Hentschke

60. Faculty at Private For-Profit Universities: The University of Phoenix as a New Model? (Summer 2002)  
Kevin Kinser

61. For-Profit and Traditional Institutions: A Comparison (Spring 2002)  
Robert R. Newton

Conclusion: Observations from the Field  
Daniel C. Levy

Appendix  
Analyzing a Private Revolution: The Work of PROPHE (Spring 2005)  
Daniel C. Levy

About the Authors
Foreword

This book helps to highlight trends and realities of private higher education around the world. We have organized the book into two sections. The first deals with international trends and issues, while the second—much longer—section focuses on countries and regions. The majority of the book’s chapters concentrate on single countries.

All the chapters have been published previously in International Higher Education (IHE), the quarterly publication of the Center for International Higher Education (CIHE) at Boston College. Many were prepared under the auspices of the Program for Research on Private Higher Education (PROPHE) at the University at Albany, State University of New York. The primary criterion for inclusion in this book is a focus on private higher education. We have left aside pieces that concentrate on the privatization of public institutions. Another criterion concerns quality, but that was already invoked for original selection in IHE. These are not scholarly research chapters, though several of the authors have based their entries on their wider research endeavors on private higher education. We have put a premium on broad coverage and readable style.

These chapters have not been revised for publication in this book—thus in some cases they do not reflect the most recent developments. This is inevitable in an area like private higher education—the fastest-growing segment of higher education worldwide—where changes are taking place so rapidly. But most of the facts and trends are still quite contemporary, and the issues, perspectives, and concerns reflected in these chapters remain central to current realities and debates. Within each region, the sequence of the chapters is arranged first by subregion and then, alphabetically by country.

There is no uniformity of perspectives in this book. Authors have written from their own points of view. Some are critical of private higher education development, others express praise, whereas most offer objective observation and analysis. All are united in the belief that this phenomenon is a centrally important aspect of higher education—and one that will continue to expand.
This book is the product of collaboration between the CIHE and PROPHE. For several years now, IHE has set aside at least one special column per issue for PROPHE to provide on private higher education. An earlier collaborative product is the volume by Alma Maldonado, Yingxia Cao, Philip G. Altbach, Daniel C. Levy, and Hong Zhu, Private Higher Education: An International Bibliography (CIHE and PROPHE, 2004), with a commercial edition available from Information Age Publishers. An earlier CIHE publication concerning private higher education is by Philip G. Altbach, ed., Private Prometheus: Private Higher Education and Development in the 21st Century (CIHE, 1999), with a commercial edition from Greenwood Publishers. PROPHE’s continuing research program, easily the largest in the world concerning private higher education, is outlined on its website—http://www.albany.edu/eaps/~prophe/. The CIHE’s website—http://www.bc.edu/cihe/—features a range of issues relating to higher education worldwide.

Both CIHE and PROPHE receive generous financial support from the Ford Foundation, including for these collaborative projects. The CIHE is also supported by the Lynch School of Education at Boston College, PROPHE by the Research Foundation of the University at Albany. We are indebted to Yisa Cao at PROPHE and Laura Rumbley at CIHE for assisting in the selection and organizational procedures for the book’s chapters and to Salina Kopellas at CIHE for related publication work.

Our debt to Jorge Balán, the Ford Foundation’s chief higher education program officer, is immense. He has been indispensable in providing support and encouragement and has also been an intellectual force guiding our work on private higher education and related fields, always fully respectful of scholars’ autonomy.

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The Private Higher Education Revolution: An Introduction

Philip G. Altbach

Several decades ago, private higher education already ranked as a major force in the higher education realm in many countries. Expansion in Latin America had begun in the 1960s, and the private sector was dominant in several key East Asian nations. At that stage, the forces shaping higher education were relatively stable. Then, in the last quarter of the 20th century, the dynamics changed dramatically, and private higher education has suddenly become the fastest-growing segment of higher education worldwide—expanding rapidly in almost all parts of the world.

THE DEMOGRAPHICS OF THE PRIVATE REVOLUTION

Private higher education's strongest traditional centers have developed in East Asia. For almost a century, private institutions have numerically dominated the higher education systems of Japan, South Korea, Taiwan, and the Philippines—enrolling about 80 percent of all students. These Asian countries constitute major centers of private higher education. In Japan, South Korea, and Taiwan, the government highly regulates private higher education, although at very limited public funding levels. In these countries, the private sector includes the entire range of postsecondary institutions, from two-year colleges for women (in Japan), to unsselective undergraduate colleges and universities, to prestigious top-ranking universities. In all three countries, a few well-regarded private universities rank close to the top of the academic system.

While the United States is often regarded as a center of private high-
er education, in fact only 20 percent of American students now study at private institutions. The private sector does, however, enroll a higher proportion of graduate and professional students. Many of the most prestigious U.S. universities are private, but the large majority of students attend public colleges and universities. American private colleges and universities rank at all levels of the academic system—most not at the top. However, the United States was dominated by the private sector for much of its history, and the earliest academic institutions, including Harvard and Yale, were private. Until the late 19th century, 80 percent of enrollments were in the private sector. Even today, other countries look to the United States as a model for private higher education institutions.

The part of the world the least touched by private higher education is Western Europe, where the large majority of students study in the public sector—perhaps 90 percent of the total. Traditions of state support for higher education remain strong, as does a commitment to low tuition—or in a few cases, such as Germany, largely free higher education—although this policy is being reconsidered everywhere in the light of financial problems. Guaranteed access for students who pass state secondary school completion examinations also strengthens demand for public higher education. State support has not kept pace with the expanding enrollments, and educational standards have declined in some countries. Tuition fees are rising—for example, in the United Kingdom and the Netherlands—or introducing them is slowly being considered in a number of countries. Many German policymakers recognize the need to charge tuition, but it would be politically difficult to implement fees. Private institutions are gradually serving as specialized niches of the higher education market.

The countries of Central and Eastern Europe, once dominated by communism, now find themselves in the forefront of the expansion of the private sector. In these countries, previously fully public higher education systems have opened up to the private sector. Deteriorating standards in the public universities and the inability of public institutions to absorb the increasing demand have led to the establishment of numerous private universities and other specialized postsecondary institutions. Growth has been rapid—private institutions emerging at all levels of the higher education system—although as in other regions with rapidly expanding private sectors, the boom is taking place at the bottom end of the system rather than at the top. The same phenomenon is occurring in the Asian countries once part of the Soviet Union.

The private sector is expanding most rapidly in Latin America and Asia, with Africa growing slowly but steadily. In countries dominated
by public higher enrollments just a decade or two ago, a third or more of their students now attend private institutions. These include several Latin American nations such as Mexico and Chile. Brazil has had a majority of its students in private institutions for a half century. Indonesia now educates about half its students at private institutions, and Malaysia also has a large private sector. India constitutes a special case because it has long educated the large majority of its undergraduate students at private institutions, but the private colleges are mainly affiliated to public universities and receive a significant part of their funding from the government. The private institutions are also highly regulated by their sponsoring universities and by the state governments. In the past several decades, a genuine private higher education sector has emerged in India, with institutions that receive no government support at all. Some of these new institutions are linked to traditional universities for examinations and some other purposes, while others have been granted fully autonomous status.

Since the 1990s, China has built up a large private sector, but most of the private institutions are not degree-granting colleges or universities, and only a small proportion receive official authorization by the Ministry of Education to grant degrees. The situation in China is rapidly changing as more institutions are granted recognition by the government and the private sector moves up the academic hierarchy by establishing better-equipped and more comprehensive institutions.

The anatomy of private higher education varies internationally, but the upsurge is found in parts of the world that are undergoing the fastest enrollment growth—the developing and middle-income countries of the South and the countries of the former Soviet bloc. In these regions, as in much of the rest of the world, the state is unable or unwilling to provide support for public higher education. In all of these places, the private sector fills the gap.

THE ELEMENTS OF CHANGE
The primary factor fueling the private higher education revolution is massification—a worldwide phenomenon that has placed unprecedented demands on academic systems and governments worldwide. Higher education has gone from being a small preserve of the elite class to a mass system. Even developing countries are experiencing growing pressures for access. China, although it enrolls under 20 percent of its young people, has passed the United States in total enrollments in higher education. India, with under 10 percent of its young people at postsecondary institutions, finds itself in third place. The second factor driving the private sector is the change in thinking about the financing
of higher education. The traditional idea that higher education is a public good to be provided by society has been somewhat replaced by the concept of postsecondary education as a private good—with the benefits accruing largely to the individual. The impact of this change in attitude is the opinion that students and their families should pay for higher education. These two societal forces—the demand for access and an unwillingness or inability of the state to pay the increased costs of higher education—have stimulated much of the growth of private higher education worldwide.

While most private higher education institutions worldwide are national—that is, established and functioning in one country alone—a growing number of cross-border higher education initiatives exist, often in the private sector. An academic institution in one country may establish a branch campus in another, or academic institutions in two or more countries may link up in various ways to offer degrees or other academic programs. Academic programs may be franchised from one country to another, and providers may be authorized to provide academic work using the curriculum and practices of another institution. Some have referred to this phenomenon as the “McDonaldization” of higher education. The scope and nature of cross-border higher education initiatives is large and growing. Private investment in higher education is also on the rise—much of it cross-border. In most cases, institutions in industrialized countries are involved in developing or middle-income countries, although sometimes programs from industrialized countries are established in other rich countries. In a small number of cases, institutions from developing countries have set up branches or programs in other developing countries. There are, however, almost no examples of academic institutions from the developing world succeeding in the North. While these international initiatives are not an exclusive preserve of private higher education, the private sector is often involved.

FUNDING PATTERNS
With few exceptions, private higher education funding depends largely on student tuition. In a few countries, private higher education enjoys some financial support from government sources, but in general public resources account for only a small part of funding. This simple economic reality shapes private higher education throughout the world. Private academic institutions focus on market forces to shape their offerings, degree programs, and curriculum.

The financial arrangements of private higher education institutions often lack transparency. The for-profit sector, growing in many coun-
tries, is perhaps easiest to understand financially since in many countries these institutions operate as corporate entities. Many countries do not permit the establishment of primarily for-profit educational enterprises or place very restrictive controls on private educational institutions. China, for example, is developing policies to regulate the private sector, while at the same time permitting entrepreneurship. A significant proportion of private higher education initiatives in most countries are at least in part focused on earning money for the owners or managers of the institutions. Specific financial strategies may be hidden from government authorities and the public. Family-run private universities in some cases are created as profit-making business operations. While no accurate statistics exist concerning the number or proportion of private higher education initiatives that seek to earn a profit for owners, families, or management groups, it is likely that a large majority of the newer generation of institutions everywhere fall into these categories.

Only in the United States do a significant number of private universities, perhaps 300 out of more than 1,200, have endowments—funds donated by alumni and supporters of the institution. The American private university sector is unusual in that most colleges and universities are truly nonprofit and organized to provide educational services. The interest from the investment of these funds helps to fund the academic enterprise. Many are affiliated to religious groups, and with few exceptions, academic institutions sponsored by religious organizations are private and nonprofit. It should be noted that some U.S. public colleges and universities also have endowments that help them to fund their educational programs and offer scholarships. Most U.S. schools, however, depend largely on tuition for their financial survival.

The appearance of the for-profit sector in higher education constitutes for many countries a new phenomenon—one that has driven the expansion of private higher education. However, the for-profit sector actually represents an older element than is widely known. In the Philippines, for example, universities have been listed on the stock exchange for decades. In countries where local regulations may not permit for-profit educational institutions, some academic institutions resist for-profit status even though they practice elements of profit-seeking in their activities and policies. With the rise of the for-profit sector in the United States, for example, the new generation of academic institutions is very adaptable, specializing in educational qualifications to meet market demand and offering programs that do not require major investment in infrastructure. The University of Phoenix, now the largest private academic institution in the United States, is a
well-known example, but the large numbers of for-profit institutions in
the United States range from business and law schools to trade schools
offering vocational programs in such fields as information technology
or nurse practitioner training. This sector has become more promi-
nent—and more open and explicit—around the world. For-profit insti-
tutions from the United States are establishing schools in other coun-
tries, purchasing other academic institutions in the United States and
elsewhere, and in general expanding the reach of the for-profit sector.

THE ANATOMY OF PRIVATE HIGHER EDUCATION
The wide spectrum of institutions internationally makes it very difficult
to generalize about private higher education. Institutions range from
prestigious universities such as Harvard in the United States, Waseda
in Japan, and Yonsei in South Korea, to “garage universities” in El
Salvador and other countries. The for-profit University of Phoenix, for
example, bears no resemblance to Catholic Notre Dame University. The
following informal typology will give a sense of the diversity of the pri-
ivate higher education sector during this period of dramatic change and
expansion.

Research Universities
Although they comprise a very small minority of private higher educa-
tion institutions internationally, private research universities exist in a
few countries and are among the most prestigious academic institu-
tions. Examples include, among others, Harvard, Stanford, the
University of Chicago, and Columbia University in the United States;
Waseda and Keio in Japan; Yonsei and Sogang in South Korea; and
Javeriana in Colombia. These institutions serve as leaders in their own
countries and some are internationally renowned universities.

Religiously Affiliated Universities
Universities and colleges affiliated with religious organizations and
denominations form an important segment of private higher educa-
tion. As recently as a century ago, such institutions probably constitu-
ted the majority of private institutions worldwide. This is no longer the
case as growing numbers of institutions were established by many non-
religious organizations. However, over the centuries, Christian church-
es have established many universities. The Roman Catholic Church, for
example, today sponsors more than 200 postsecondary institutions in
the United States and well over 1,000 worldwide. Most Protestant
denominations also sponsor universities as well. Christian institutions
even exist in countries with few Christians—Japan, Indonesia, and Taiwan, for example. Universities in different parts of the world are affiliated with Islam, Buddhism, Shintoism, Judaism, Hinduism, and other religions, although by far the largest number are Christian. In a few countries, such as the Netherlands and India, religiously affiliated institutions receive state funds. Some religiously affiliated universities have close ties with the sponsoring denomination and may be controlled by it; others have only loose ties. Some see their religious mission as paramount; others do not.

**Specialized Institutions**

Most private institutions, particularly those established in the past half century, do not offer the full range of academic subjects. They specialize in specific academic areas—generally those that appeal to large numbers of students, for vocational reasons, such as business studies or information technology. In some cases, the institution is identified with a particular subject area, such as the INSEAD business school in France. In other cases, such as the University of Phoenix, the curriculum may be tailored to cater to market demand. Some focus on medicine or other health-related professions. Legal studies are also popular. A school may offer first degrees, while others may stress second, professional degrees, or provide both. The quality of these institutions in their fields varies from some of the best in the world to the “garage universities” operating with scant resources and offering inadequate instruction. Some critics have argued that low-quality institutions should not be called universities because they offer a limited, vocationally oriented curriculum and only rarely concentrate on research or knowledge creation. Clearly, the balance, in terms of the number of institutions and enrollments of private higher education, has shifted from general-purpose universities to specialized schools.

**THE CHALLENGES OF PRIVATE HIGHER EDUCATION**

The private sector will certainly continue to expand and thrive in the contemporary higher education marketplace. It is clear that the private higher education sector makes many important contributions—the most notable among them providing study opportunities for many students who would otherwise not be able to find a place at a public institution. Many have argued that the private sector has created a degree of competition in a moribund public system, has focused on students, and had other benefits. However, the growth of private higher education poses many challenges to higher education systems worldwide.
Private Higher Education for the Public Good

Most private higher education institutions, especially the new vocationally and commercially focused schools, set their sights mainly on their own success and market position rather than their role in a national higher education system or in serving the broader public good. Public universities typically function as part of a coordinated public system of higher education and their activities are regulated by the state to varying degrees. Private universities experience few constraints on their activities. Yet, unless they go beyond a strict market-oriented approach, private universities will ignore broad public needs. How to ensure that institutions participate in the national higher education context without overregulation is a significant challenge.

Quality Assurance

Quality assurance is one of the central issues in higher education debates today. The serious problems include assuring the quality of diverse academic institutions and ensuring that they maintain standards of teaching, admission, and infrastructure. Quality assurance in the private sector is especially important given that few other controls exist other than market forces. Many countries are moving toward instituting more careful quality assurance and regulation of degree offerings. International efforts are under way in the field of quality assurance, although national mechanisms are necessarily at the heart of a system of ensuring higher education quality and relevance.

Transparency

Reliable information concerning private academic institutions, degree offerings, and quality is often unavailable. Data concerning the effectiveness of academic programs, the success of graduates in the job market, drop-out rates, and the like are important for potential students to have. Often, such information is unavailable.

The Academic Profession

Many new private schools rely on part-time teachers with little commitment to the institutions and sometimes with scant qualifications. Many hire professors from the public universities to teach a course. The new private institutions seldom have a cadre of full-time professors to develop the curriculum or provide adequate faculty governance. Permanent (tenured) positions are seldom available. The newer private universities seldom focus on research; professors have little time for research and do not receive rewards for it. The new private universities have, to some extent, redefined the academic profession—concentrating on how the teaching function can best and least expensively serve the institutional
mission of the university. The traditional independence of the professoriate has been eliminated in this new approach to university management. Some private universities retain a more traditional vision of the academic profession, and the older private universities maintain a full array of disciplines and faculties. In addition, some new institutions compete at the top end of their academic system. Many public universities have moved in similar directions in recent years as well. The future of the professoriate, the role of research, and the terms and conditions of academic appointments have all been brought into question by the new private higher education sector.

Cross-Border Initiatives
The private higher education sector’s international linkages include franchising, branch campuses, and many programs. The effective development and management of cross-border programs present a challenge, as does ensuring that these initiatives appropriately serve students. Are curricula from one country sufficiently relevant in another? Do methods of teaching and learning vary across cultures? Cross-border higher education is one of the high-growth areas of the 21st century, and the private sector faces the task of ensuring that the programs are effectively developed and managed.

The For-Profit Sector
For most countries and academic systems, the emergence of a specifically for-profit private higher education sector represents a new phenomenon. Fully understanding the nature and role of this category of institutions, creating a regulatory framework, and ensuring appropriate quality standards, while at the same time not destroying their entrepreneurial spirit, represent a significant challenge.

CONCLUSION
While private higher education has been part of the academic system since the origin of Western universities in the 13th century, it has become a central feature of academe in the 21st century. How to perceive the private sector and integrate it into the broader academic system in a country—and worldwide—is a key challenge. The newer private institutions are quite different—in structure, orientation, financial background, and in other ways—from the traditional private universities. Without question, understanding, integrating, and creating an appropriate policy framework for private higher education are central issues of the current period.