

Developmental patterns of privatization in higher education: a comparative study

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Abstract In most developing countries, as the young population increase in number and consequently, the demands for higher education rise, the governments cannot respond to all demands. Accordingly, they develop private higher education sectors as an alternative solution. In developed countries, some moving factors are influential in creation and the increase of private institutions but there are scarce evidences and comparative results about developing countries. The current comparative study seeks to investigate and analyze the main factors of privatization in higher education of three developing countries: Indonesia, Malaysia, and Kenya. After a short outline of theoretical foundations, this study provides more in-depth explanations of the principal and common effective factors.

Keywords Privatization of higher education · Malaysia · Indonesia · Kenya

Introduction

Nowadays, knowledge has become the main source of wealth instead of physical capital. Therefore, new economy emphasizes on intellectual capital and the individuals who produce this capital instead of physical labor (Nagaraju and Suresh 2008). As modern societies in globalization and technology era have moved towards knowledge-based societies, the need for knowledge workers in different parts of society in the line of development has increased. Therefore, demands for knowledge acquisition have risen because it is considered as a competitive advantage for individuals to get better jobs and positions in a labor market. The main places for knowledge acquisition are higher education institutions. The demands for higher education are increasing because we are in the technology explosion era. Therefore, even higher education systems (mainly in developed countries) which are

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able to respond to the large proportions of higher education demands by providing enough capacities and positions at public universities will face the scarcity of resources. Added to which the states cannot support and fund the entire expense and they have to share some part or potentially whole costs of higher education with students. In such situation, different types of privatization will emerge in the higher education system.

The growth and expansion of private higher education has occurred and been experienced in many parts around the world. Where the capacity of public higher education is unable to meet the demands of the larger population, private higher education appears to fill the gap between demand and supply in the most demanding study fields. As Lee (2008) argues, the government support for the growth of private higher education is due to factors such as: widening of access and increase in enrollments in the face of increasing government budgetary constraints, meeting the social demand for higher education, thus allowing students (buyers) to pay for tuition and self-funding by private providers themselves (Shah and Lewis 2010).

In many countries, the private sector has played a significant role for higher education since the 1990s. The mismatch of the vast expansion of gross enrollment and the increase of governmental budgets are the main reasons of an emerging role of the private sector in higher education globally. Some developing countries which have given attention to basic education through past decades could focus on higher education; however, the majority of them have reduced their share and as the number of gross enrollment snowballs, the funding per student from the government was seen to decrease massively as well (Fahmi 2007).

The private sector is the fastest growing segment in higher education in many countries around the world. For the past few years, more private institutions than public ones have been founded in developing countries and emerging economies of the world (Agarwal 2007). Overall there is an increasing global demand for higher education and a significant proportion of this demand is being met by private provision and study abroad.

Higher education development

Higher education is the most essential process for transforming human beings into human resources and thereby raising the growth and wealth within a country (Geethanjali et al. 2008). It has emerged as one of the important political tools for the development of national and regional economies, with one of the institutional responses to globalization being the expansion of knowledge-intensive educational programs for economic growth based on market ideology that has acted as a major lever for change in focus in higher education in many countries (Strömqvist 2006).

Varghese (2004) believed that in the post-World War II period, the public sector played a dominant role in promoting national development with development in many countries being constrained by the scarcity of trained and qualified workforce to manage the economy. Growth of higher education became an essential part of the development strategy adopted by national governments. In the 1980s, structural adjustment programs included policies to reduce both the role of the state in development and the level of fiscal scarcity. These policies had an impact on the public sector in general and on publicly-funded education in particular. Furthermore, some of the measures favored the diversion of public resources from education to the productive sectors and the diversion of public investment from the higher to the lower levels of education. Throughout the world, issues such as autonomy and accountability, the impact of technology, the growing role of markets and

privatization of higher education, the role of research and teaching, various efforts toward curriculum reform, and the massive expansion that has characterized higher education systems in most countries have all played important roles for the development of higher education (Geethanjali et al. 2008).

Governments have an obligation to ensure that their countries' citizens receive a good education from whatever source it is provided. In the case of public sector schools, this means that mechanisms must be in place to ensure that teaching staff, facilities, equipment, and materials are of the best quality that can be provided with available funds. In the case of private sector provision, the same principles apply, with the necessity of developing instruments of monitoring and control to ensure that provision of both public and private sectors are of the highest quality possible. A key to encouraging the development of private education in developing countries is to implement a clearly articulated enabling policy and regulatory framework. Governments can encourage the expansion of private education by recognizing the important role it can play. This will involve promulgating a positive policy that welcomes private providers and makes it clearly known to all those who might wish to establish new private schools or higher education institutions. Ideally, such a policy should define the place of private providers in the national long-term education strategy, by providing potential investors and partners with the confidence to invest. Such an important policy needs to ensure that all levels of government (municipal, provincial, etc.) are committed to welcoming the private sector and have procedures that fit with the national strategy, and a tacit acceptance that what is being proposed is a partnership in which private investors are collaborating with government in helping to achieve national goals (Fielden and LaRocque 2008).

Enders and Jongbloed (2007) believed that an important issue for contemporary higher education and research is that of the "public good", or better, the conflict around the "public good". The various tasks that a university performs and its different outputs are currently scrutinized with respect to their value for the "public" as well as the "private". These tasks include basic and applied research, teaching and academic degrees, with consultancy and services to the community provided by public institutions, private non-profit and private for-profit institutions. Obviously, there is no reason in principle, to argue that academic services can only be provided by public institutions. Moreover, private institutions provide public goods while public institutions often provide private goods and increasingly try to sell them. The question is rather an empirical one, namely what the quality of the outputs is, what their costs are, and to what extent the public will benefit from these services. Thus it is difficult to argue that institutions have to be public or private.

The labels "public" and "private" most often refer to the founding bodies or funding sources of an institution. The terms are regularly used to infer the groups or sectors that benefit from the institutions' services. However, studies show that public as well as private higher education can contribute to both public and private good. Graduates from both types of institution have better personal career opportunities, and thus a better economic potential than non-higher education graduates, so thereby strengthen the human and social capital of a given society. Hence, private higher education addresses public needs, meets public purposes and remains a public concern. The "publicness" of private higher education must be recognized and acknowledged at the start of any discussion of the private higher education sector. This legal classification of "private" in the context of higher education has a different meaning in different countries. In many of the countries considered in the extended study, "private" really means "non-state" while "public" means "state".

Both public and private sectors as two complementary partners in higher education within every society should accomplish the main missions of higher education including education, research and providing services to community. Added to this the governments could evaluate their performance and monitor them, and so they ensure the role of public and private higher education in achieving the national goals. However, governments in order to avoid tensions between these two sectors can play the facilitator role. The main purpose of both education sectors being the comprehensive growth of students (intellectual, cultural, political, social and economic) in regard to national development and so the national interests should be the first priority on the agenda of higher education institutions.

Privatization of higher education

In general, privatization includes all policies, decisions and measures that strengthen the role of the private sector in the economy. Belfield and Levin (2002) defined privatization as the transfer of activities, assets and responsibilities from government/public institutions and organizations to private individuals and agencies. Similarly, Duczmal (2006) believed that privatization is transferring the ownership of assets from the government to the private sector. So privatization can be a phenomenon taking place in public higher education institutions if public universities come under private ownership as a government sells its assets to private sector.

Privatization in higher education is an aspect of the historical shift of balance between public and private higher education. Private institutions are organizations that have a private ownership or private founder. However, in the higher education market, this meaning is not adequate to describe the private higher education institutions, because the legal definitions related to ownership do not define the actual function and organization of the institutions. When it comes to their functioning, several studies give examples where private institutions are equivalent to public institutions, differing only in terms of ownership or funding (Duczmal 2006).

Privatization in higher education refers to the process in which schools and universities (both public and private) act according to characteristics and norms of the private sector, operate in a business-like and market-oriented manner, respond to consumer and customers' expectations and show more reliance on private funding instead of public funding. In this process, the students are considered as customers and education is considered as a product with the most important elements of funding, competing institutions, labor market conditions, increasing income, and active marketing. Privatization also refers to the adoption of management practices with private business firms, such as contracting with private firms and using external resources to perform nonacademic services such as publication, food, and construction, decisive decision-making, and extensive use of accounting measures so insist that each unit (department or program) must help in profitability and success of their organizations (Kwiek 2003).

Advocates of private provision believe that privatization improves efficiency, promote accountability, raises choice diversity and increases the access to social services such as higher education. So the states should inspire the further contribution of the private sector in higher education through direct involvement, private funds, or private management. Opponents of privatization mention that private sector tries to provide special programs to gain private benefits and profits (Oketch 2009).

Development of private higher education

The globalized market economy has had an intensive impact on higher education. With the growth of a knowledge-based economy, the need to hold a highly educated human capital has become more necessary. Therefore, the expansion of higher education all over the world is an inevitable phenomenon. Due to these changes in economies and an increasing demand for highly educated workers, the higher education systems need basic reforms and changes. However, most countries have faced with economic crisis and fiscal resource's scarcity to expand state funded higher education. Consequently, the private sector can replace the public sector and fill this gap and respond to the global need of higher education.

As Tilak (2008) mentioned, despite most countries faced with the strong and intensive wave of privatization of higher education, governments withstand this force and try to be the main custodian of higher education. However, the expansion of privatization in higher education worldwide, specifically in developing countries is inevitable. The massification of higher education is a main change during last decades that have increased the demand for and supply of higher education in most countries. With acceptance of this change in higher education, the rest of required supply of higher learning that public sector cannot provide will be offered by private sector. Also the tertiary education applicants who have been excluded from public higher education will have access to private higher education institutions.

In the 1980s, structural modification programs included policies to decrease both the role of the state in development and the level of fiscal scarcity. These policies had an impact on the public sector in general and on publicly funded education, in particular. In addition, some of the measures preferred the diversion of public resources from education to the productive sectors and the diversion of public investment from the higher to the lower levels of education (Varghese 2004).

As various developments have happened globally, higher education transformation from the public sector to the private sector became more necessary. Some of these changes are: increasing insufficient funding to respond to costly higher education facilities; growing the market approaches and mechanisms in governance of higher education; increasing global competition for students; emergence of distance and cross-border education; and expansion of non-profit and for-profit higher education in certain countries (Enders and Jongbloed 2007).

Higher education reform has become an increasingly important policy concern. Today, globalization and the associated notions of marketization and privatization have increasingly come to dominate the higher education transformation discourse (Munene 2008). As Levy (2008) believes, privatization is one of the most outstanding worldwide changes in higher education. Such privatization includes both partial privatization within public higher education institutions and universities and the development of separate private higher education institutions, with some countries having experienced both of these types of privatization of higher education.

James (1986) mentioned that there are two developmental patterns of private higher education: (a) "excess demand" that refers to an inadequate supply of public higher education that leads to growth of private higher education to meet the social demands that public sector is incapable of support, and (b) "differentiated demand" that refers to expansion of private higher education due to special needs of some groups in society that public sector is unable to respond to their demands. The development pattern of private higher education in developing countries may be described as the "excess demand" type

whereas this pattern in developed countries is “differentiated demand” (Wei 2009). The growth of private higher education has been the result not only of increased demand, but also of differentiated demand in many countries, where the government provision of higher education may not be responding to the demand, for example, for religious education or short-term training in the areas of greatest employment growth such as business or computer science, or English language instruction (Sanyal and Johnstone 2011).

Private higher education is founded to be more adaptable to the changing needs of the market and to provide more autonomy and a wider choice of job-related skills to students and employers (Shah and Lewis 2010). The public sector had a critical role in promoting national growth and development during the post-world war II period. Also development in many countries was restricted by the scarcity of qualified and skilled manpower capable of managing the economy and organizing the educational systems. A vital part of the development strategy adopted by national governments was the growth of higher education. State investment was forthcoming and higher education through public universities became a dominant feature in most countries of Africa and south Asia (Varghese 2004).

Roherty (1997) observed that one reason governments tried to defund higher education was because of higher education’s ability to generate funds from a varied range of sources. Most other state services/programs were unable to generate funds in the same manner. Higher education’s ability to shift costs to students contributes to the cycle of reductions in state support (Whitney 2003). In addition to various changes, the world is facing every day, Nagaraju and Suresh (2008) and Crnkovic and Pozega (2007) explained that some basic forces encourage the expansion of privatization in higher education that are concluded: growing importance of knowledge-based economy that is a result of globalization pressures and the need of new economy to high educated intellectual capital; demographics changes: the main changes occurred in the 1980s and 1990s when students above 25 years of age, women, working adults and part-time students enrolled in higher education more than before; the emergence of new technologies: the public sector due to insufficient funds is unable to invest in new technologies and they try to attract private sector; and changing public attitude towards education and weakening in public trust about the public sector: some factors such as low productivity and quality and inadequate utilization of technology in some countries can decline the trust to public sector.

In Asian countries, the expansion of private higher education is more in response to the ‘excess demand’ phenomenon than to the phenomenon of ‘differentiated demand’. Increased insufficiency of public resources on the one hand, and the neo-liberal environment that has gained power over the years, on the other hand, are the two most significant factors that have allowed the fast development of private higher education. Public policies are formulated in favor of private higher education either out of compulsion, or, rarely, out of conviction (Tilak 2008).

Looking regionally and working in descending order, beginning with the regions with the largest private sector, Asia comes first. Asia with 36.4 % of private enrollment in higher education has by far the largest raw private enrollment among the continents that the absolute enrollment has exploded in recent decades (Levy and Zumeta 2011). East Asia has the largest concentration of countries with proportionally larger private sectors. Countries with over 70 % of enrollments in private higher education include Indonesia, Japan, the Philippines, and the Republic of Korea whereas Malaysia approaches 50 %. Sub-Saharan Africa has come late to modern private higher education, but the growth is notable. Breakthroughs began in the 1980s, but it was in the 1990s that there was major and widespread growth. Kenya, Nigeria, Uganda, and others are among the countries with important private sectors, yet most countries’ private share remains comparatively small

(Altbach et al. 2009). In Africa, the initial expansion of private higher education begun in the 1990s and it was according to the needs for higher education growth and State incapability to finance it (Levy 2011).

Kenya

The pressure for a university education increased in Kenya after 1980s, and therefore, its expansion became necessary. This increased demand was a consequence of policies the government had pursued in the education sector from independence. Given the racial and inequitable manner in which higher education was provided before independence, the government had a moral responsibility to redress such imbalance (Oanda et al. 2008).

Therefore the growth in number of private universities in Kenya was a phenomenon of the 1990s. This growth brought private universities and colleges to the forefront of the country's higher education (Oketch 2004). The Kenyan government, in recognition of its incapability to subsidize public universities, laid the foundation for the expansion of private universities in the 1980s. The Commission for Higher Education (CHE) was set up in 1985 but did not begin its task immediately because of governmental reluctance to privatize higher education. However, due to pressure from donors and the increasing number of applicants who were unable to enter into public universities, CHE formally published rules for establishing and registering private universities in 1989. The activation of CHE's activities, the growing social demand and the loss of confidence in the poorly financed public universities, facilitated the expansion of private higher education. Eventually, the government's education adjustment policy focused on mechanisms of increasing enrolments in higher education as a way of serving equity objectives by opening access to students from different socioeconomic backgrounds (Oanda et al. 2008).

The main driver of growth and development of higher education in Kenya was the high social demand arising from an increasing young population who attained the Kenyan Certificate of Secondary Education, and the continuing need to provide a highly educated and trained workforce able to manage the country's social and economic development programs (Albagi et al. 2005). According to the World Bank recommendations, Kenya has shifted notable costs of higher education to students and their families and expanded the private sector in higher education (Oketch 2009). Some factors explain the rapid growth of private institutions of higher education in Kenya, particularly of the newer institutions established in the 1990s: (a) responding to market demand: in instances where the public provision of higher education is insufficient to meet the demand, the private sector can fill in this gap; (b) 'differentiated demand' for educational services: even when the state can provide sufficient places in public universities, there are some demands of religious and other specific social groups that need to meet by private sector; (c) the notion of 'elite demand': private universities have emerged in response to the demands of the wealthy and prosperous sections of society that want 'something better' for their children that give them competitive advantage in the labor market with lower tuition fees than universities in Europe or North America (Oketch 2004).

According to conducted studies, there are a number of structural and/or institutional barriers that affect the present and future expansion of the Kenyan private university sector. Among these barriers, the most important are: general operating finance; the accreditation process; acquisition of qualified staff; lack of local and regional infrastructure; and tax, duty and related costs on equipment acquisition and donor aid (Albagi et al. 2005).

Indonesia

Indonesia is facing new challenges in the higher education sector. These challenges include government reforms in higher education, namely, a move towards establishing institutions as legal entities and changes in university autonomy and funding mechanisms. The main driver of this change is the decreased role by the government. Recent reforms are often seen to be leading to an increasing privatization and marketization of higher education. In line with that, the Indonesian government also introduced a kind of privatization of public universities. The transformation of higher education from the dependency on government funding to the competitive market indicates that universities have to compete for students in the recruitment markets. Consequently, the driving factors for students in choosing a university have undergone change and also the role of marketing in student recruitment has become increasingly important (Kusumawati 2010).

The growth and development of private institutions in early 1980 is due to the following events: the massive increase of the basic education enrollment factor, the oil price boom between late 1970s and early 1980s, the emergence of middle-class society, and the industrialization policy (Fahmi 2007). The budget for education, especially in higher education, allocated by the Indonesian government is far below the budget allocated for the facilitation of the economic sector. The allocated budget to higher education is relatively low to cover the massive programs of education in many different sectors, especially the promotion of education facilities. Correspondingly, the government (The Ministry of Education and Culture, Republic of Indonesia) invites all the communities to participate in establishing private universities or engaging higher education management. The existence of private higher education is placed similarly as state universities or institutions (Hadihardaja 1995).

The rapid growth and expansion of private higher education (including in several South East Asian states) is an outstanding development that is the result of an internal mismatch between limited state capacity and increasing demand. External pressures for more structural adjustment on the part of international agencies such as the World Bank, mainly after the late 1990s Asian currency crisis, are a further reason behind the change towards privatization (Welch 2007).

The Indonesian Law of the 1950s and early 1960s were succeeded by Government Regulation No. 30 of 1990 and Law No. 2 of 1989 as the legal frameworks of the enormous expansion of private higher education. The government used scarcity of the budget and the vast expansion of gross enrollment as the two main rationales to legislate the Laws (Fahmi 2007).

Most private higher education institutions in Indonesia are established by either a religious foundation or a corporation. However, some private higher education institutions are also founded to serve the needs of a specific ethnic minority community or political group, in an unavoidable outcome of privatization. While the quality and financial capacity of most private higher education institutions are lower than the public ones, a study shows that students who graduated from private schools are preferred by the job market and in general earn a higher income than graduates of public schools (Susanti 2011).

Private higher education expanded fast in the number of institutions, total enrolment, variety of programs and degrees granted. This number has far exceeded that of public institutions of higher education. The government's main reason to expand the presence of private universities was the consequence of an over-flow of high school graduates who could not enter the existing public higher education institutions. The government needed to encourage the private sector's contribution to cover the inadequate education funds in the

development of the country's education. That contribution in the higher education expansion has shown substantial participation as the public higher education institutions have limited capacities to absorb senior high school graduates (Hadihardaja 1995). The source of funding is the main difference between public and private higher education institutions. Public institutions are financed by the government meanwhile private higher institutions are funded by their own efforts. However, the government provides subsidies to private higher education institutions according to the existing regulations (Hadihardaja 1995).

Malaysia

Since 1997, Malaysia planned to become a regional educational hub and a knowledge-based economy meaning that the government purpose was to raise the contribution rate of young people in higher education and train more high-skilled workers to be professionals in information communication technology in order to become globally competitive (Loh 2007). During the last decade, the government adopted the *Knowledge-Based Economy Master Plan* which targeted to expand private higher education to achieve Malaysia's enrollment (Lane 2011).

In Malaysia, some factors such as the Asian economic crisis, the enormous growth of higher education and the government restricted budget are the main causes of the privatization of higher education. There are two forms of privatization in Malaysia since 1997; privatization of the public universities and the growth of private higher education (Fahmi 2007).

The Malaysian government regards highly skilled human capital as the heart of a knowledge-based economy and has been endeavoring to reform higher-educational policies in both the public and private sectors since the mid-1990s (Kamogawa 2003). Loh (2007) believed that the responsibility of training skilled graduates from public universities has increasingly shifted towards the private higher education sector.

The milestone in the expansion of private higher education in Malaysia can be traced to the Private Higher Educational Institutions Act, 1996 which further liberalized the educational sector and provided the legal framework for the formation of twinning arrangements between public and private institutions and foreign and local institutions and the establishment of private universities, branch campuses of foreign universities and other types of private higher educational institutions. This Act also provided for the promotion of existing colleges to universities. The liberalization was considered necessary to satisfy the increasing demand for higher education. At the same time that the Private Higher Educational Institutions Act was passed by Parliament, four other related pieces of legislation were also enacted. These included the Education Act, 1996; the University and University Colleges (Amendment) Act, 1996, the National Accreditation Board Act, 1996 and the National Council on Higher Education Act, 1996. In particular, private-sector universities were encouraged to provide science and technology courses in order to increase enrollment at higher education institutions and to produce an increased number of highly skilled graduates (Kamogawa 2003).

A recent estimate of numbers enrolled in the private higher education sector shows that it already produces approximately half of undergraduates in Malaysia, so it is expected that the private sector may try to train more skilled graduates at a post graduate level. Because the private higher education sector has been responsible for absorbing the increasing

number of higher education students, the pressure for growing postgraduate students would also probably fall, to some extent, to the private providers (Loh 2007).

The logics for privatization were to (a) decrease the size of the public sector; (b) reduce the public sector's borrowing requirements so as not to crowd out the private sector in the capital market; (c) increase productivity by encouraging competition; and (d) raise the innovative capacity within the economy (Sivalingam 2006).

The main advantage of private sector of higher education has been responding to market demands more rapidly or efficiently. The private sector responds to the needs of the economy and society by providing the type of education that is most in demand, and graduates typically face lower unemployment rates, and get jobs with higher salary (Wilkinson and Yussof 2005).

Since independence in Malaysia in 1957, higher education has been considered as a 'public good' because of the positive externalities associated with its provision. As a consequence the state had the monopoly over higher education in Malaysia until the middle of the 1990s when there was a policy shift to privatize higher education and encourage the expansion of private higher education institutions in Malaysia in order to meet the increasing demand for higher education among the growing number of a higher education age (Sivalingam 2006).

The limited capacity within public higher education to absorb students was the key factor that led to the relatively low enrolment rate. Therefore, there were great numbers of students who, although well qualified, failed to attain places at the public higher education institutions. Consequently, the existing higher education system was unable to meet the increasing demand for higher education locally (Wilkinson and Yussof 2005).

After Independence, private higher education institutions in Malaysia continued to proliferate, in response to market forces from inside and outside of the country. Particularly, change from a government-based to a private sector-based strategy for development throughout the country in the mid-1980s led to domestic liberalization in manufacturing and service sectors, including education. Consequently, the government allowed twinning arrangements between local private higher education institutions and international universities. After the first economic downturn in 1985–1986, the private sector was harnessed to respond to the increasing demand for more qualified and skilled human capital due to Malaysia's industrialization (Tham 2011).

In the future, the private sector is expected to play a more active role in the provision of education and training facilities to meet the increasing demand for a professional and skilled workforce. The private higher education systems will be expanded and strengthened to train high-skilled manpower and equip them with necessary research facilities and policies. Consequently, it is a critical responsibility for private higher education institutions to nurture research and development in order to achieve industrialization goals and generate Malaysia as a developed nation by the year 2020 (Pey 2008).

According to Table 1 in 2009, the private higher education institutions provide for about half of the total enrollment of students across the country, the other half is enrolled at public higher education institutions. This indicates the importance of private higher education institutions' participation in response to the increased student contribution of higher education throughout the country. The gross enrollment ratio in higher education had grown from a mere 2 % in 1965 to 32 % in 2005 and further to 38 % in 2009. Thereby close to the 40 % target set by the government for 2010 (Tham 2011).

Fast economic development in 1990s raised the demand for mass higher education, especially in those groups who demand higher education in English. However, the public higher education system has failed to respond to these demands. The Government started to

Table 1 The contribution of enrollment in private/public higher education in Malaysia

Year	Public higher education institutions	Private higher education institutions	Total
2002	281,839 (48.9 %)	294,600 (51.1 %)	576,439 (100 %)
2003	294,359 (48.4 %)	314,344 (51.6 %)	608,703 (100 %)
2004	293,978 (47.7 %)	322,891 (52.3 %)	616,869 (100 %)
2005	307,121 (54.3 %)	258,825 (45.7 %)	565,946 (100 %)
2006	331,025 (50.6 %)	323,787 (49.4 %)	654,812 (100 %)
2007	382,997 (51.1 %)	365,800 (48.9 %)	748,797 (100 %)
2008	419,334 (51.2 %)	399,897 (48.8 %)	819,231 (100 %)
2009	437,420 (47.5 %)	484,377 (52.5 %)	921,797 (100 %)

Source Tham (2011)

recognize the role of private higher education, and provided an integrated legal framework in 1996 through the enactments and amendments of laws related to higher education (Yonezawa 2007). According to the Private Higher Educational Institutions Act in 1996, Malaysian government encouraged the private higher education sector to complement that of the public higher education (Morshidi 2006). One of the main changes in the Malaysian private higher education, since mid 1990s, has been the establishment of many branch campuses of reputable foreign universities from developed nations (Arokiasamy 2011), the entrance of these foreign universities thus improve the competitiveness among local and overseas public and private higher education institutions.

Conclusions

According to the statistics provided in program for research on private higher education (PROPHE), the private percentage of total higher education enrollment, the private percentage of total higher education institutions, the private percentage of total university enrollment and the private percentage of total universities are presented in Table 2.

In the examined countries, according to the viewpoints of Hadihardaja (1995), Welch (2007) and Fahmi (2007) about Indonesia, Oketch (2004), Albagi et al. (2005), Oanda et al. (2008), and Levy (2011) about Kenya and finally Tan (2002), Wilkinson and Yussof (2005), Sivalingam (2006), Fahmi (2007), Pey (2008), Lane (2011), Arokiasamy (2011) and Tham (2011) about Malaysia, the main factor for growth of the private higher education institutions is the increasing demand for higher education and limited capacities and positions in the existing public higher education institutions. There is a mismatch between increasing demand and adequate response of the public higher education sector. As these researchers believe, development of private higher education in these three developing countries followed “excess demand” pattern. According to the conducted studies, Hadihardaja (1995) and Susanti (2011) about Indonesia, Arokiasamy (2011) about Malaysia and Oketch (2004) and Arokiasamy (2011) concerning Kenya believed that some private higher education institutions and universities have been founded to serve the needs of specific groups (such as religious, political and ethnic minority communities). It means that alongside the “excess demand” pattern, the development of private higher education followed the “differentiated demand” pattern as well. However, Kamogawa (2003), Loh (2007), Pey (2008), and Tham (2011) noted that one of the reasons for expansion of private higher education in Malaysia is that the country needs highly skilled human capital as the

Table 2 Some indicators of private percentages

Countries	Private % of total higher education enrollment	Year	Private % of total higher education institutions	Year	Private % of total university enrollment	Year	Private % of total universities	Year
Kenya	17.9 (21,132/118,239)	2008	13.1 (17/130)	2004	52.9 (91,541/173,032)	2004/2005	70.9 (17/23)	2004
Indonesia	71 (2,392,417/3,371,156)	2007	95.5 (2,766/2,897)	2007	–	–	89 (372/418)	2007
Malaysia	50.9 (322,891/634,033)	2004	97 (559/576)	2004	7.5	2000	39.3 (11/28)	2004

Source PROPHE (2011)

heart of knowledge-based economy and this responsibility has shifted towards the private higher education sector.

As results reveal, both development patterns of privatization in higher education have been experienced in selected developing countries. This means that in circumstances where the public higher education sector cannot satisfy the social expectations, such as high demand for entering tertiary education and a higher education demand of diverse types and quality, people expect the private sector to respond to their needs. According to these facts and pressures in developing countries, the governments can formulate adequate policies and mechanisms in favor of privatization of higher education. In addition, the private higher education sector could try to reach an elevated status among societies. For achieving this aim, the private sector should create more competitive advantages through providing better and more diverse services, higher quality, and an increased number of positions to absorb more students. Wei (2009) believes that three main factors play a significant role in the growth of private sector in higher education: government policy orientation for expanding privatization in higher education, labor market needs of a skilled and educated workforce and the interest of people for higher education. As Levy (2011) mentions, state laws and policy frameworks alongside legal authorization are critical for better private sector's activities. It is necessary that all countries have an explicit legal framework for private higher education (as a separate law or within a broader higher education or education or non-profit law).

It is a fact that private higher education has developed all over the world with different patterns, and most countries have moved towards privatization of higher education. Both external and internal factors influence on the legitimacy and expansion of private higher education in the society. The main external factors that affect the demand for and supply of private higher education are related to governmental policies. Some of these policies include: solid belief of government policy makers to the development of private higher education, formulating stable governmental policies and regulations in favor of private higher education growth; giving more autonomy to the private higher education sector, using quality assurance system and standards for promoting an acceptable quality in private higher education, considering private higher education as a complementary sector by authorities and higher education policy makers, providing direct and indirect governmental subsidies in the form of budget, student loans, grants, scholarships and research funds, granting different loans for development of the private sector with lower interest rates, tax incentives or tax exemption, and providing some facilities such as lands, grants and funds for infrastructure (buildings, libraries, laboratories and equipment) development.

Some of the internal factors that play an important role in attracting more students and promoting the status of the private sector among society include: customer oriented participatory strategic planning, utilizing the new learning methodologies such as engaged learning, adequate marketing and advertising, providing high quality higher education, hiring qualified and full time academic faculty, increasing students' satisfaction, offering programs according to labor market needs, and utilizing and improving performance mechanisms.

The most important issue that can be concluded according to the different matters about privatization and expansion of this phenomenon in higher education and the experiences of the three selected countries that are noted in this study is that the development of private higher education is required with the collaboration between states as policy makers at the macro level and the private sector as providers of the micro level. All decisions and policies for the development of privatization in higher education at various levels of a

nation (macro and micro level) should be coordinated with each other in order to result in the success of the private sector in higher education.

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