



Effect of Financial Savings on the Future of Higher Education

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1. Introduction

The need for financial saving is ever growing, which reflects on higher education, and especially on its future. Higher education institutions are usually ordered by firm fiscal mechanisms. In Serbia which is passing through the transition, the higher education system includes lecturing, research and profitable activities. Higher education cannot be isolated from society or from industry – its financing becomes less and less guaranteed. Social mission of higher education is disappearing.

Economic concept of the university functioning becomes more significant. Support of academic education becomes the target of international organizations also (EU, World Bank, OECD). Ulrich Teichler, [8], says that goal of the forming of the European space of higher education is to provide a similar pattern for all European countries, primarily because of student mobility.

2. Participation of private sector in higher education

Many countries have well developed private sector of education. In these areas, in the countries which are passing through transition, experimenting on private sector still exists.

Politics, which provides an analogy to functioning of state and private sector, embodies the power of the state to establish a rule of principles. By this, we assume that students of private universities should share at least some of the advantages of students belonging to state universities

Numerous experts recommended securing the future of higher education institutions via auxiliary income. This recommendation implicates the question whether it should converge toward scientific or practical approach.

Johnston, [7], found that exist the need for increased participation of population in higher education, and thus in state income. Higher education gradually turns toward privatization in several countries which are passing through transition, like Poland, Romania, but also Serbia, through the establishment of private universities, income through scholarship costs, and through organizing different trainings. Income, which includes scholarship costs, external financing of science and research projects, as well as profitable cooperation with industry are common for both of sectors, state and private. Therefore, we should not avoid assigning certain lecture or science based activities to leaders of the private sector, which government will support.

Education is being privatized if students apply to private schools or if student's education is financed from them. Serbia does possess both models, but institutions of higher education are taken as two values of dichotomy variable: either state or private institutions, that is, as two opposed categories.

If we insist on differences between private and state higher education, similarities and common goals lose their value.

What would be happen with availability of higher education without privatisation? Insufficient financing of states higher education in transition is chronicle, so that the introduction of category „self-financing students“ is one of the methods to overcome it. In some countries, World Bank becomes involved in providing credits to the students, like Bulgaria, Hungary, Poland etc. State institutions approve the accreditation of the private sector, but without providing state subventions.

The expansion of educational institutions of countries which are passing through the transition is followed by the effect of market principles, which include the state sector also. Significant number of student gains the access to higher education.. Private universities are ready to accept the new quality of students; however, state universities are doing same, by accepting the self-financed students, who were not able to enroll the universities in the quota which is state budget-financed. This leads to equalization of the category “quality of enrolling students” on both private and state sectors.

3. Situation in Serbia

It is evident that Serbia becomes older and older society, with the average age of population growing over time which implicates less and less work-able population. Despite this, Serbia is trying not to reduce investment in the higher education. On the Figure 1 was showed the statistical data, [10], and provides the following view for the period of last 3 years.

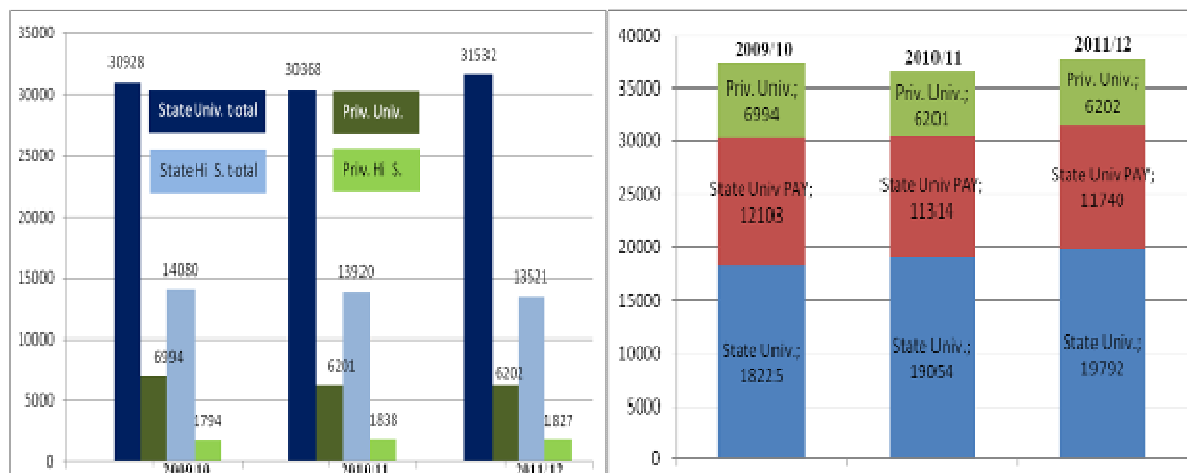


Figure 1: Number of enrolled students in Serbia in state and private sectors

Figure 2 provides us with numbers of enrolled students, state financed and self-financed, on the first year of studies, 2011/12, for eleven faculty of Economics.

Self-financed students on these institutions pay different scholarship fees, Figure 3, according to data from [11]. The state universities in Serbia have both incomes, from Ministry of education and science (includes employee's fee and expenses of running the university)

Figure 4 provides information regarding number of employed teacher staff (left) and average monthly teacher funding (right). Standardized number of teachers is calculated through usage of the number of students, financed by state, and type of studies they are enrolled.

If we divide the monthly income with the number of enrolled students, we obtain the value of cost per student, on the monthly level. When we multiply this number by 12 we obtain the value representing the yearly cost of every single student, Figure 5.

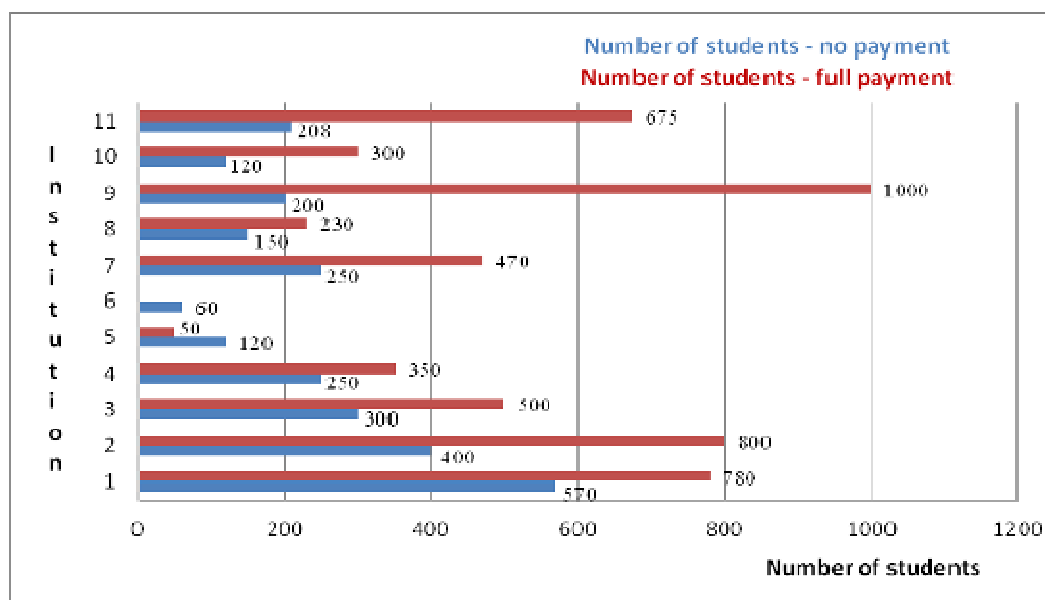


Figure 2: Numbers of enrolled students (first year of studies), 2011/12, on the following state institutions: 1-6 Faculties of Economics in Belgrade, Novi Sad, Nis, Kragujevac, Kosovska Mitrovica, Novi Pazar; 7-11: High Schools in Blac, Valjevo, Belgrade, Leskovac, Nis.

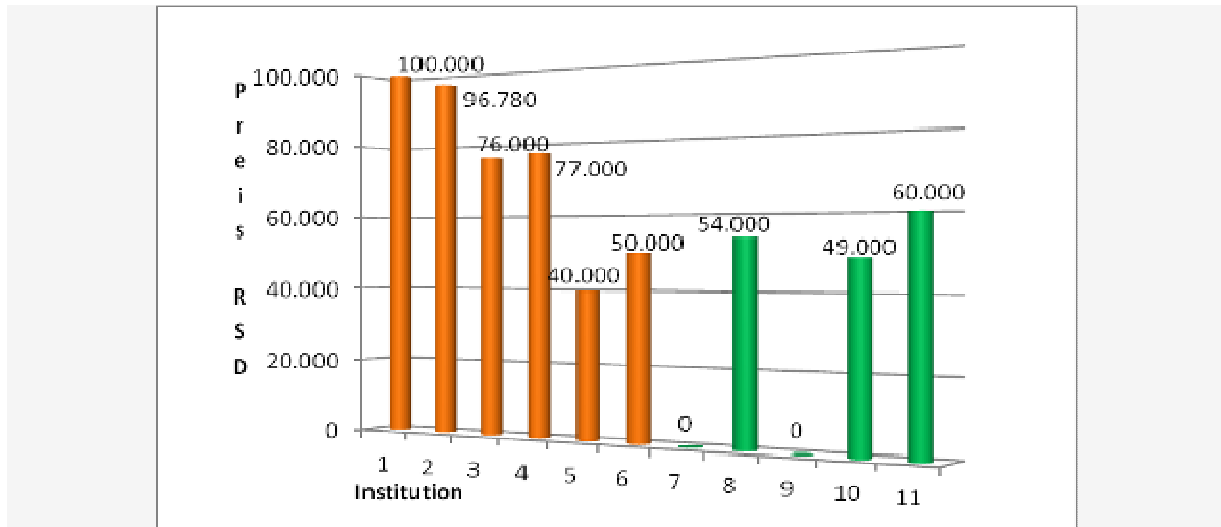


Figure 3: Scholarship fee, 2011/2012, on state universities (orange) and high schools (green), 1-6 Faculties of Economics in Belgrade, Novi Sad, Nis, Kragujevac, Kosovska Mitrovica, Novi Pazar; 7-11: High Schools in Blac, Valjevo, Belgrade, Leskovac, Nis.

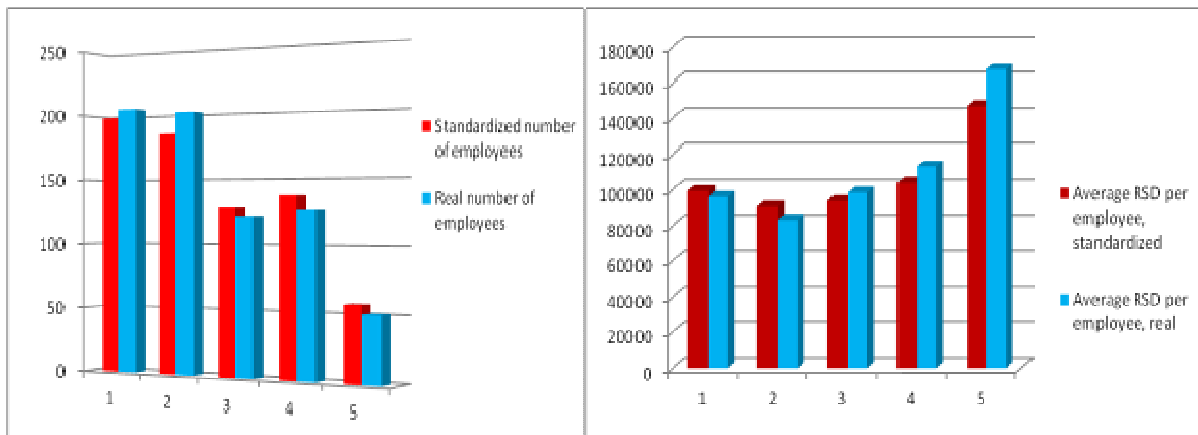


Figure 4: Number of employed teachers (left) and average monthly teacher funding (right) on the state faculties of Economics in Belgrade (1), Novi Sad (2), Nis (3), Kragujevac (4), Kosovska Mitrovica (5)

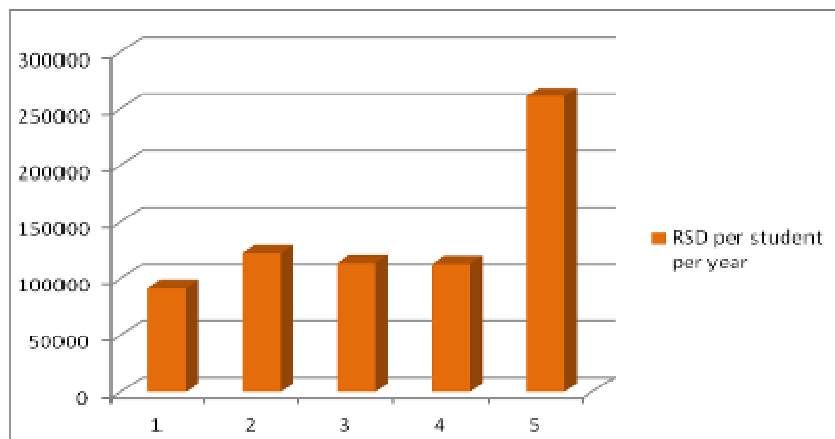


Figure 5: Funding of a single student on the yearly level on the faculties of Economics in Belgrade (1), Novi Sad (2), Nis (3), Kragujevac (4), Kosovska Mitrovica (5), year 2011.



4. Situation in some countries in transition

In countries of South Asia role of state university is weakening due to effect of politics on them and private universities are expanding. Thus, we claim that in Bangladesh 77% of institutions are private and that 43% of all students study in them; in India 44% of institutions are private and 33% students study there, in Pakistan percents are 33% and 17% and Nepal 20% and 9%. In this region there is a problem of standard fulfilment and there are significant differences the quality of education, [1].

It is also interesting to view the number of enrolled students in high education institutions in Mexico, [4], in the period between years 1989 to 2003. We can notice that the number of enrolled in state sector is higher by 50%, while it increased 3 times in the private sector. However, taken as an absolute value, the growth is approximately the same.

There is a strong correlation between the number of universities and the economic development of provinces of China, and this statement resulted from the study, [2]. The fact that the investment of the capital also found its justification through the effect of the increase of the degree of population education, as well as through income.

Through the overview of the private universities of Eastern and South-eastern Asia, as well as the high population of this region, Japan, South Korea, Taiwan, Philippines, we come to the fact that approximately 80% are in private sector, [1]. According to the same source, only 20 % study in the private sector in the USA, and 10% in average or less in the Western Europe, over 50% study in the private sector in countries of Latin America while in some of the post – soviet republics the percentage reaches up to 30%. Levi says that, where state budgets are not sufficient, there is still a growing demand for higher education and this is what happened in several countries in transition. The differences between the number of the enrolled students on the private high education institutions of the countries in transition are significant: the percentage in Croatia and Slovakia reaches up to 5%, Estonia, Romania estimating 30%, Bulgaria, Hungary and Russia 15%, [1].

5. Liberalization of the higher education

Case studies from other countries in transition indicate that the greater expansion of higher educational institutions can be found where the state resolutions concerning the high education are more liberal. Possibilities of an extraordinary differentiation system of university education, by degrees and modules, as well as the large number of high schools, provides a good chance for education. The private education is less inert and better use of this given chance. There are institutions which offered „cheap popularity“, as an answer to the contemporary education market demands. Obligatory accreditation is one of the solutions to avoid this occurring.

It is important to highlight that procedures of accreditation are employed according to the same standards in both of the educational sectors, thus providing the private universities with a complete social legitimacy. Periodical re-accreditations are required to supervise and maintain this legitimacy.

Many questions arise from the traditional universities, from Serbia, as well as from the world, [4]: Should we view the reformation process of universities through free diversification as devaluation of universities, or as strengthening of its autonomy? Are tax payers able to put aside enough for a quality higher education? What is the limit of an average higher education for an average student? How much are the scientists, turned only toward their own research, willing to commit toward their students? What is the level of university program simplification, done by teachers, in order to meet the needs of average students? Aronowitz's thesis, [9], is that average university leans toward large business, in order to fill the requirement middle-level management and some of applied or technical jobs, rather than to reach the high level of academic education.

Accredited private universities in Serbia continually increase their level of quality and education. Simultaneously, there is a tendency to create cooperation between private and state universities where mutual interest exists, regarding cadres and research equipment. Example of this is signing a contract between state University in Kragujevac and the private university Educons in Sremska Kamenica.

6. Conclusion

While market mechanisms and principles activate in all countries passing through the transition, it is imminent for Serbia to undergo changes, which do not avoid education as well. Introduction of the private sector in high education is one of the possible answers to such cases. Privatization of high education is lead through two modalities, and those are: introduction of private sector, and the other one where are students who pay the scholarship fees. Many countries limit the number of students and thus promote elitism, while adding the category of self-financed students. These are not the part-time students which work, and had pre-schooling, but young, non-employed students without state subvention. In the last decade their number grew. This resulted in transfer of costs toward parents, which, having to pay scholarship either way give advantage to private universities which have accreditation, and which provide the quality of schooling – a step toward employment.

At the moment, private sector has subvention in only a small number of countries; however, parents of students on private universities are also taxpaying citizens. Also, providing subvention to private sector which invests into research would provide one completely new quality and motivate the development of both universities and research, of course, with mechanisms of control and adequate responsibility attached to users of such subvention. The future of higher education is in uniting and in joined work of state and private sector, considering they both share same mission.



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