



The Pathfinder Economic Alert

Free and Free to Choose Tertiary Education Changing the Education Landscape in Sri Lanka: A Call for Pragmatism

The debate regarding private participation in the provision of tertiary education, in Sri Lanka, has been around for a long time. Attempts to establish private universities have met with fierce resistance in the past. For instance, the North Colombo Private Medical College was taken over by the government due to strong pressure from various vested interests.

The Minister of Higher Education has recently declared his intention of opening up the sector to private participation. This has again provoked much debate. This note attempts to: (a) make the case for supporting his decision on the basis of pragmatism rather than ideology or vested interests and (b) address the need for reforming the current state funded and managed university system.

Can “Business as Usual” Continue?

The first question that needs to be addressed is whether “business as usual” can continue. Is the current system so satisfactory that the country can afford to proceed as we have been? The answer to this question seems to be a resounding “No”. On the one hand, public resources are too constrained to provide placements for all the students who qualify to pursue higher studies. On the other hand, the system is producing many graduates who have great difficulty in finding employment. The consequence is a situation where governments have had to absorb unemployed graduates in non-productive employment. This constitutes not only a waste of both human and financial resources but also a key determinant of the structural budget deficits which have been the primary cause of macro-economic instability in the country. The costs to the economy, therefore, have been very substantial.

At the same time, it is noteworthy that a study by the Sri Lanka Information Technology Association has revealed that the demand for IT graduates was 5755 in 2007, while the supply of graduates in this area was 2216 in that year – less than half the required number. This situation prevailed in a sector with very promising growth prospects. One may conclude, therefore, that “business as usual” is neither yielding sufficient placements nor is the output well aligned with

the needs of the labour market, in accordance with the dynamic comparative advantage of the economy. It is a matter of record that these are long- standing issues, which the present system of largely monopolistic public provision has not been able to address successfully.

Despite this, it is important to recognize that education is a very important public good and the state needs to continue to play an important role in providing tertiary education. Not only does it have to assume responsibility for regulation and maintenance of standards but also for ensuring access for qualified students from all socio economic backgrounds, particularly talented poor students. However, there is considerable evidence from around the world that public tertiary education systems are not able to cope with the differentiated and rapidly evolving demands of the modern world. This is attributed to a lack of resources; inadequate capacity and bureaucratic procedures and processes that constrain the ability to manage change; and lack of information.

Models of Providing Tertiary Education

There is no clear evidence that one form of tertiary education provision (public or private) is more effective than the other. The reality is that different combinations of providers can deliver good quality tertiary education in different contexts. The structure of the system, the institutional environment, resource availability and managerial quality are all significant determinants of success.

The models for providing tertiary education range from total public provision to reliance on the private sector (profit and not for profit). In between, there are hybrid models that combine public and private provision in various ways. Private participation can range from being limited only to management contracts to provision of various core and non-core services. There are also proponents of voucher systems where students are given public funds to seek the institution of their choice (public or private).

Nisha Arunatilake (Institute of Policy Studies) has dealt with a number of the issues addressed above and has indentified the following arguments in favour of private participation in tertiary education in an article posted on the IPS blog and published in the Talking Economist Digest (IPS): mobilizing additional resources in fiscally constrained contexts; promoting innovation through more flexible working environments; improving performance through competition; providing greater choice to students; strengthening accountability to parents and students; and increasing cost effectiveness.

State Run Universities: A Way Forward

While promoting private provision of tertiary education to enhance the choices available to students and their parents, the Minister of Higher Education also needs to formulate a program for reforming or rehabilitating state universities to enable them to be more efficient and competitive in the emerging environment. In this regard, making the individual universities more autonomous should be considered as a priority. Is there any reason why the existing state

universities should not hold individual entrance exams for those who have qualified at GCE Advance Level? They should also be authorized to undertake their own fundraising activities, including introduction of fee levying courses and attracting fee paying students from overseas. Similarly, individual universities should be encouraged to introduce promotions and salary increments for academic staff based on their performance in teaching, research & publications. Such reforms would enable the state funded and managed universities to find their own areas of specialization and be competitive with private local and/or foreign providers of tertiary education.

If the system is reformed to establish several autonomous/semi-autonomous universities, the current the University Grant Commission (UGC) can be entrusted with the tasks of regulation, accreditation and monitoring of public as well as private providers of education. In addition, the UGC may function as an adviser to the government on education policy and implementation.

Conclusion

One may conclude that “business as usual” is not an option. There is a debate to be had on the optimal mix of public, private and joint provision that is desirable in the Sri Lankan context. The solutions need to be based on pragmatism rather than outdated thinking or a desire to protect vested interests and comfort zones. All options should be on the table.

This is the ninth in the series of Economic Alerts issued by the Pathfinder Foundation.

Readers’ comments via email to pm@pathfinderfoundation.org are welcome.