

**Retrospect and Prospect of Private  
Higher Education Provision in Africa**

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**The contribution and challenges of Private Higher Education Institutions (PHEIs) in Ethiopia: The views of instructors and administrators**

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***Abstract:***

*Following trends everywhere else in the world, private higher education in Ethiopia has recorded significant growth since its expansion began in the late 1990s. This growth, which reached as high as covering about 17 percent of the total enrollment in the country, has contributed significantly to the development of the sector as well as the country in general. However private higher education institutions in Ethiopia also suffer from different sever challenges. This paper begins by exploring the state of private higher education in Ethiopia, at institutional and system level. It discusses issues such as legal and policy framework, enrollment trends, programs of study, levels of training, mode of delivery, geographic distribution of the institutions, and institutions that have gone out of the market. It then delves in to the contributions private higher education institutions (PHEIs) have made, and are making, and the various challenges they are faced with. Taking the views of instructors and administrators from sample PHEIs, the paper finds out that PHEIs contribute in improving access and equity, playing positive roles in local development and economy, providing models of entrepreneurial culture and reform, and offering operational flexibility and efficiency in the sector. On the other hand the paper identifies the major challenges of PHEIs pertinent to government regulations and support, and issues of legitimacy and funding. Finally, the paper suggests a way forward along with specific recommendations.*

**Keywords:** Private higher education, contributions, challenges, Ethiopia

## **1. Introduction**

### **1.1. Background**

Private higher education is commonly identified as the fastest growing segment of higher education across the globe. In spite of the variations in terms of current enrollment across continents, the presence of private higher education institutions (PHEIs) in every corner of the world is equally evident. Though considered as a late comer, the African Continent has been experiencing this global trend and witnessing a record growth over the last three decades. Since the end of the 1990s - the period when the expansion of the private higher education sector began in earnest- Ethiopia has joined the list of countries with a significant number of PHEIs and an enrollment rate currently hovering around 17 percent. Over the years, the sector has made significant contributions in various ways, albeit not devoid of serious challenges. The purpose of this paper is to investigate the specific contributions and challenges of private higher education institutions as viewed by instructors and administrators of selected PHEIs in the country.

### **1.2. Objectives of the study**

The major objectives of this exploratory study are to:

- a) outline what instructors and administrators in the private higher education sector consider to be the major contributions of PHEIs in Ethiopia;
- b) identify issues and themes that affect the performance and existence of the private higher education sector; and
- c) Suggest possible ways of addressing the existing challenges of the sector.

### **1.3. Methodology**

The samples for the study were drawn from four pioneer private higher education institutions: Admas University, Alpha University College, St. Mary's University and Unity University. Questionnaire, interview and document analyses were used as major data collection tools. A

questionnaire identifying the contributions and challenges of PHEIs was developed and administered to instructors and administrators in these institutions. A total of 126 respondents from the four selected PHEIs participated in filling out the questionnaire. Sixty percent of them assumed faculty positions while the remaining 40 percent worked in administrative positions (department head, dean, vice president and president) in addition to their teaching responsibilities. While more than 90 percent of the respondents have the position of lecturer and above, 7 percent of them are graduate assistants. In terms of their academic qualification, 79 percent of the respondents hold MA/MSc and above while 20 percent are qualified at the level of BA/ BSc. Regarding their service, 42 percent of the respondents have had 1- 5 service years in the sector; while the remaining 58 percent have 6 or more years of experience.

In addition to the questionnaires administered to both instructors and administrators, interview was conducted with four institutional leaders on the basis of a checklist developed for the purpose. The list included two presidents and two vice presidents of the four institutions selected for the study. The interview questions were mainly related to what the respondents consider to be the major contributions of their institutions and the sector; their views on the acceptance of the sector by government, the public and employers; their feelings about the growth of the sector and its prospects; their views on the challenges confronting the sector and what they think needs to be done about the future of the private sector. Policy documents, legislations and previous research papers pertinent to the topic were also used as additional sources of data.

## **2. The state of private higher education in Ethiopia: Some basic facts**

The beginning of a full- fledged private higher education sector in Ethiopia dates back to 1998 which marks the year the then Unity College (now University) was established. Over the years, the sector has grown with a variety of challenges accompanying its existence. Below are some features that offer a glimpse of the current landscape of private higher education in Ethiopia.

## **2.1. Legislative and policy framework**

Aware of the limitations of the public sector in addressing the increasing social demand for education at all levels, the country's Education and Training Policy (ETP) of 1994 paved the way for the participation of private investors in education. Concurrent with this, the Ethiopian Investment Regulation (1996) and the Investment Incentives Amendment Regulation (1998) identify the place and specific incentives that may be given to those who invest in the sector. Though not always clear and consistent, the Education Sector Development Programs of the Country also offer the plans, achievement and directions set for the private sector in each planning period.

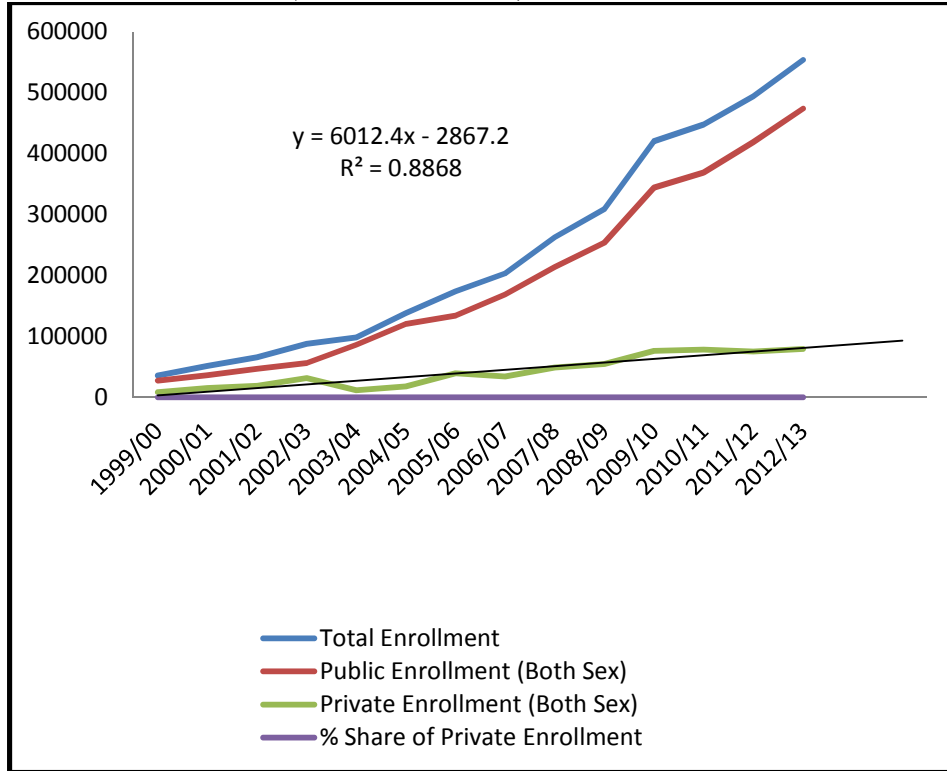
The first higher education proclamation that formed the legal framework for the private higher education sector came out in 2003. Among other things, this law provided the framework for accountability and accreditation of PHEIs. The Higher Education Relevance and Quality Agency was also established through this proclamation as a semi-autonomous body that is entrusted with regulating the sector. In 2008, this proclamation was repealed and substituted by the second higher education proclamation which has been governing the sector since then.

## **2.2. Enrollment trends**

Currently the private sector accommodates 17 percent of total higher education enrollment in Ethiopia – a figure far below its share in the first five years of the sector's existence. For instance, in 2001/02 forty-one percent of total higher education enrollment was captured by the private sector (MoE, 2002). The last five years are especially indicative of a decreasing trend despite the fact that the absolute number of students in the private sector is still increasing. In 2008/09 the sector accommodated 54,900 students which represented 22 percent of higher education enrollment in the country. Five years later in 2012 /13, the enrollment rate plummeted to 17 percent with a student population of 79,650 (MOE, 2012/13). The sector's growth also appears to be very slow as compared to the public sector whose overall surge in the last decade has been

phenomenal by all counts. The pattern for the last 14 years is supportive of these observations.

*Graph 1: Trend of the share of total student enrollment in private higher education institutions (1999/00-2012/13)*



*Computed from MoE Annual Statistical Abstracts (1999/00- 2012/13)*

The above graph indicates that the gross student enrollment in public and private higher education institutions has been exhibiting an increasing trend over the years. Nonetheless, the contribution of the private providers to the gross enrollment share has been, by and large, going down in the last few years indicating a declining market share compared to public providers. During the initial period (1998), PHEIs had more than 23% market share, which declined to an average of 16.6% between 2003 and 2012.

### **2.3. Institutions and their programs of study**

One element that seems to show consistent pattern within the private sector is the number of private providers which continues to grow. As indicated in the recent publication of Higher Education Relevance and Quality Agency (HERQA, 2013), from a few in 1998 there are currently 91 PHEIs offering undergraduate and graduate programs accommodating few to tens of thousands of students. Despite the sector's limited share in terms of enrollment, the number of accredited degree offering private higher education institutions is nearly three- fold of public universities available to date.

The main fields of study offered by these institutes include: business related subjects (e.g., accounting, finance, management, leadership); health sciences (medicine, nursing, public health, clinical laboratory); computer science and information technology; construction technology (e.g., civil engineering, construction management, surveying), automotive and electronics; agriculture and natural sciences; and social Sciences and humanities (sociology, social anthropology, journalism). Indicative of the market driven nature of the PHEIS, 51 out of the 91 PHEIs (i.e. 56%) offer business related studies. That is followed by health related disciplines offered by about half the PHEIs (46 out of 91). Disciplines that attracted the least attention of the PHEIs were, however, found to be automotive and electronics. It was found that only 4 of the 91 institutes run programs in these fields of study. That was perhaps attributable to the high demand of investment characterizing the disciplines.

### **2.4. Levels of training**

With respect to levels of training, as might be expected, almost all the accredited PHEIs (90 out of 91) have undergraduate programs. Sodo Christian Hospital is the only institute that solely runs a graduate program. And 9 PHEIs (nearly 10%) run both graduate programs along with their undergraduate programs: a couple ( International Leadership Institute and Western University College) operate in collaboration with foreign universities; two (SMU and Sri-Sai) run both homegrown and

collaborative graduate programs; the other five (Alpha, Micro Link, Rift Valley, Sheba, Unity) have local graduate program. It is worth noting that most of the graduate programs (be it collaborative or self-initiated), corollary to the undergraduate programs, are business related studies. It is also note worthy that only two of the 10 PHEIs with graduate programs (St. Mary's, Unity) that have so far assumed the status of a university, the third assuming the same designation being Admas offering only undergraduate programs.

## **2.5. Mode of delivery**

In relation to mode of delivery, regular and evening classes are the most common modes adopted by the vast majority of the 91 PHEIs. On the other hand, a very handful institutes (14 out of 91 i.e. 15%) are engaged in distance education. Among these, while five PHEIs are exclusively engaged in distance education, the other nine use it along other modes of delivery. This mode of education is also the area where the private sector still excels the public in terms of admission, albeit the public sector closely following. The MoE Statistical Abstract for the year 2012/13 (MoE, 2012/13) shows that while 30651 students were accommodated in the public sector, 37512 students were enrolled in PHEIs.

## **2.6. Geographical distribution**

As might be expected, a little less than half of the PHEIs (about 47 %) operate in the capital. Encouragingly, though, a good number of them spread across the various regions (the pioneer and the bigger institutes through distance mode of delivery and the smaller ones through regular or evening programs). More specifically, it was found that some 52% of the PHEIs operate in one or the other towns found in the regions. This is a new trend compared to the earlier years where institutions offering undergraduate and graduate programs were concentrated in the capital.

## **2.7. PHEIs out of market**

Suggestive of the fate of PHEIs elsewhere, so far, 29 institutes have gone out of market as indicated in government document (HERQA, 2013).



While some withered away after running diploma programs just for two years, some were made to terminate or quitted on their own after running four year undergraduate programs for a few years. Interestingly, there was also an institute (Zemen Development and Management Institute) which concurrently run graduate programs (through distance mode) and undergraduate program on regular basis but was later forced to terminate. Most of the 29 institutes (nearly 90%) operated programs using regular/evening mode of delivery. While two institutes had distance education in tandem with their regular programs, only one (Bluemount College) operated exclusively in distance education.

In terms of areas of training, like that of the actively functioning PHEIs, the majority (15 out of 29) offered business related studies. A little less than half of the institutes (14) had programs in computer science and information technology. One might argue that these institutes went out of market failing to withstand the fierce competition apparent in these two broad categories. However, further research is needed to arrive at conclusive observations as related to their final demise.

### **3. The contributions of PHEIs**

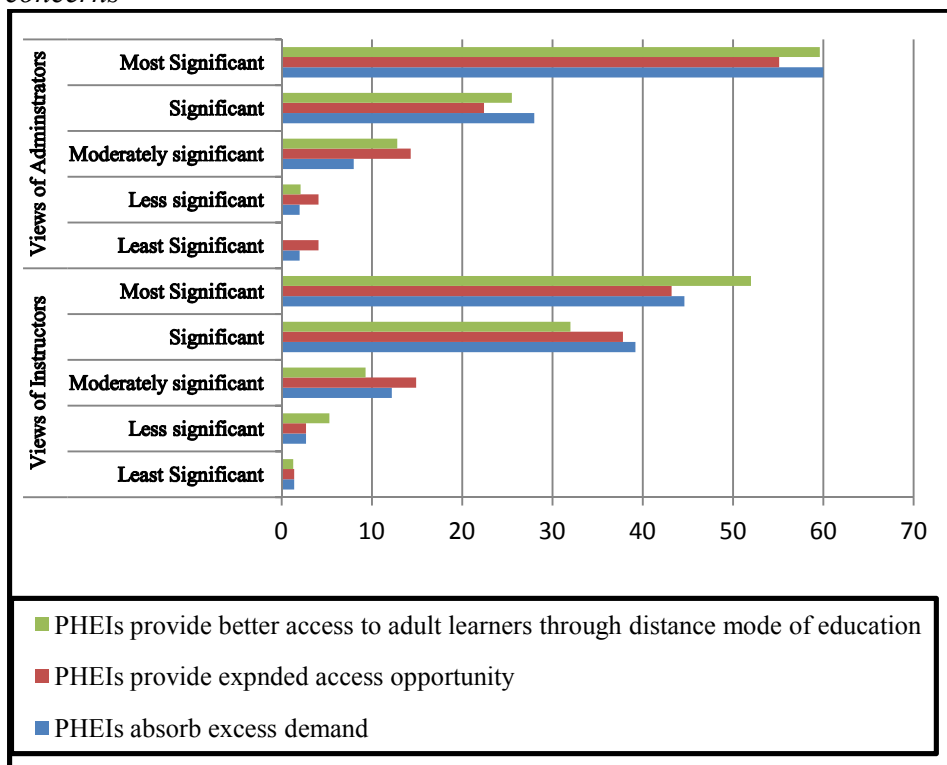
Regardless of the reasons that necessitate the emergence of PHEIs in a given country, there are major contributions that are ascribed to such institutions in the wider literature. These contributions mainly relate to access and equity; contribution to local development and economy; operational flexibility and efficiency; and PHEIs serving as models of entrepreneurship and reform.

#### **3.1. Access and equity**

One of the major reasons that led to the emergence of the private higher education sector in many parts of the world has been the deficiency of the public system in accommodating the increasing social demand for higher education. The result has been the extension of access to higher education to many more participants including the opportunity created for what Teixeira and Amoral (2001) call ‘non-traditional students’. Such students from under –represented groups as adult learners and female students are

considered as beneficiaries of the opportunity created through PHEIs helping at the same time national systems address the equity parity. The contribution of Ethiopian PHEIs in creating such opportunities for higher education entrants who will not otherwise be able to get placements at public universities has been widely noted (World Bank, 2003; Wondwosen, 2008). Equally important has been their role in creating increasing access to female students, and adult learners through distance mode of education (Kassaye, 2004; Kassahun, 2006). The specific findings obtained from this research corroborate most of the earlier research findings as may be evidenced in the discussion below.

*Graph 2: PHEIs' contribution in providing access and addressing equity concerns*



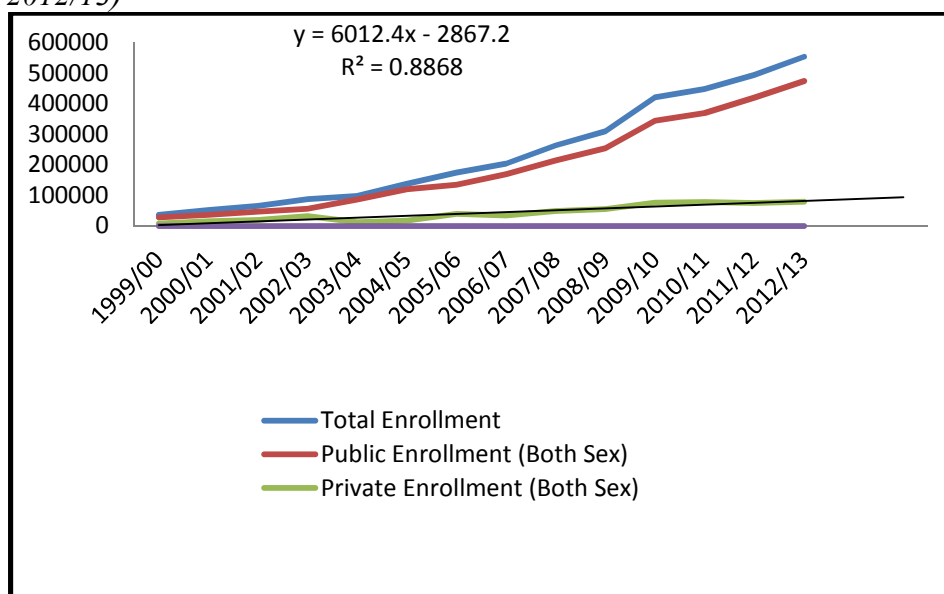
Generally, both instructors and administrators viewed PHEIs to have considerable contribution towards absorbing excess demand for higher education and addressing the equity issue of tertiary education in Ethiopia. While PHEIs' role in addressing the shortfalls of the public

system by absorbing the excess demand for higher education is highly significant in the eyes of Administrators (60 percent of whom gave rating at the most significant level), the rating given by instructors appears to be around 45 percent. Similarly, while close to 60 percent of the administrators believed that the contributions of PHEIs in terms of providing better access to adult learners through distance mode of education is highly significant, less than 50 percent of the instructors shared the same opinion. This perceptual difference between instructors and administrators is similarly observable in terms of the contributions of PHEIs towards providing expanded access opportunity to female students with the Administrators providing higher rating (55%) as compared to the ratings given by faculty (43%). The results obtained from interview were also similar.

Interviewed leaders of the sample institutions also recognized the creation of educational opportunities for thousands of Ethiopian learners as an outstanding element of the contribution made by PHEIs. In addition to the opportunities created for those who had little or no chance of being admitted to public universities, the interviewed institutional leaders noted that PHEIs provide better admission rate for female students and distance learners as compared to public institutions. They also noted that these institutions are sharing the burden of the government which has for too long been the sole provider of higher education in Ethiopia.

The private sector's student enrollment trend over the last fifteen years was further computed using secondary sources of data in order to check whether the above observations could stand the taste of time. Apparently, the results mesh with most of the observations made as might be illustrated in the graph below.

Graph 3: Enrollment trend of students in PHEIs in Ethiopia (1999/00-2012/13)

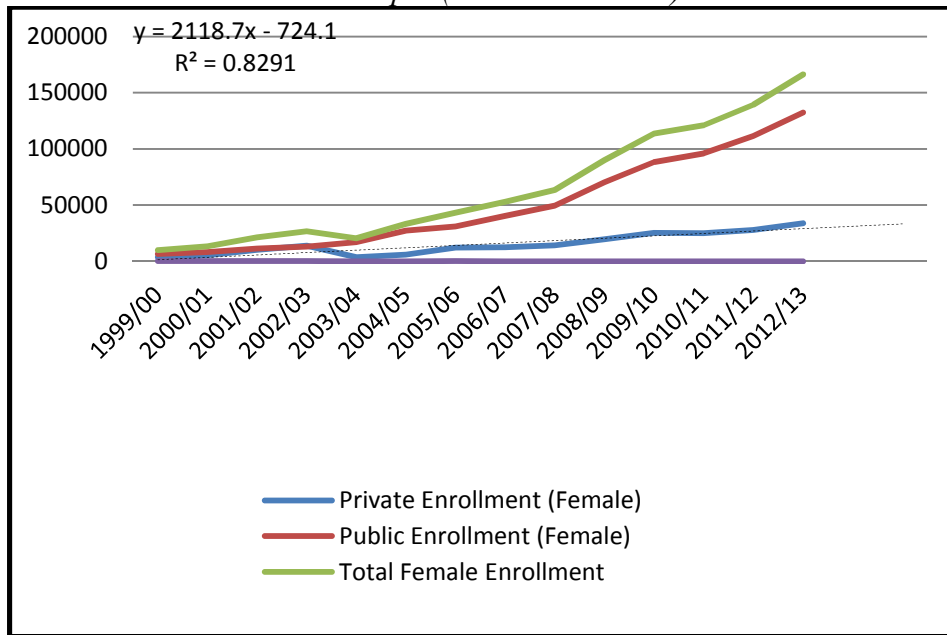


Source: Computed from MoE Annual Statistics Abstracts (1999/00-2012/13)

Graph 3 illustrates that private providers of higher education in Ethiopia have been contributing their share to the gross enrollment of tertiary education in the country in a meaningful way. On average, this contribution is estimated at 7,048 students per annum. It should, however, be noted that the share of private provision of higher education has been experiencing a decline in terms of enrollment rate, though not in absolute student numbers.

A trend analysis of the last fourteen years was also made to assess the private sector's participation in addressing the equity issue with regard to enrolling female and distance learners.

Graph 4: Trend of share of female students enrollment in private higher education institutions in Ethiopia (1999/00-2012/13)

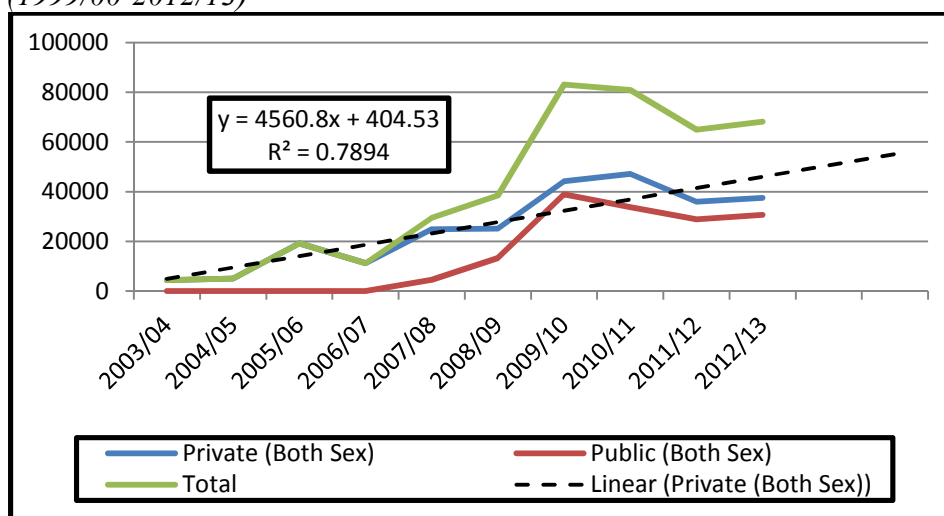


Source: Computed from MoE Annual Statistics Abstracts (1999/00-2012/13)

In terms of creating access opportunity for female students, the private sector is playing a significant role. The computation indicated that on average, 37.4% of the students enrolled in PHEIs are female while the percentage for public institutions is lower.

A similar trend analysis related to the private sector’s contribution in terms of creating access through distance shows that PHEIs are again playing a significant role as may be evidenced in the following graph

Graph 5: Trend of gross distance education enrollment in PHEIs (1999/00-2012/13)



Source: Computed from MoE Annual Statistics Abstracts (1999/00-2012/13)

The above graph shows that in terms of absolute figure, private higher education institutions surpass the public sector and have witnessed an average gross enrollment of 4964 students per annum. While the trend is generally positive, the share of enrollment is declining in relative terms compared to their public counterparts, which were not in the market before 2006/07. In the first three years, private providers of distance education had 100 percent market share, which later decreased to an average of 62 percent market coverage after the public providers came to the scene (2007 to 2012). On the other hand, the market share of the public distance education providers has increased from no market share prior to 2007 to an average intake of 38 percent per annum between 2007 and 2012.

### 3.2. Contribution to local economy and development

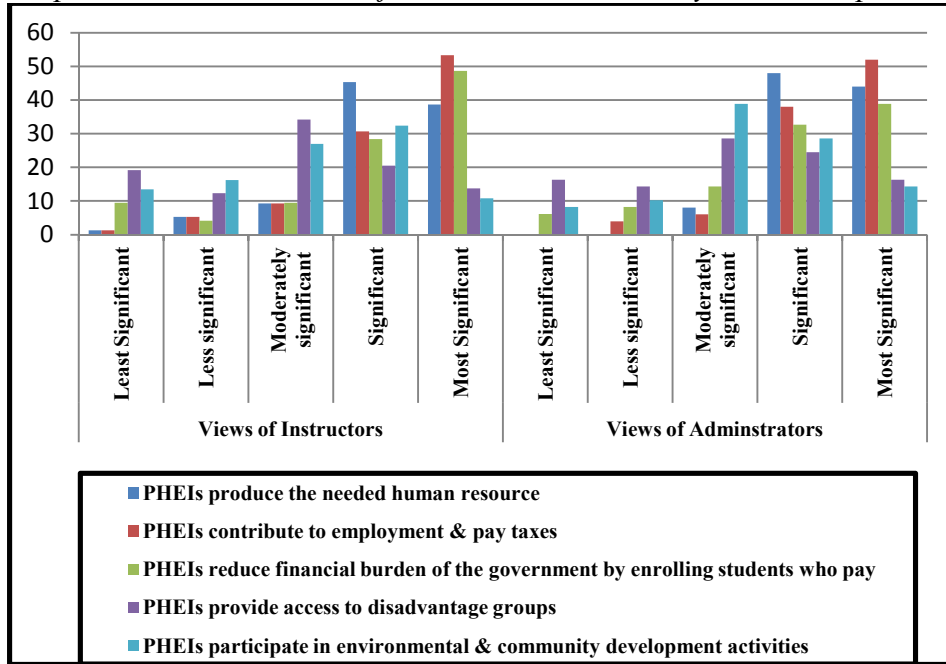
PHEIs contribute to the local economy and their community in a variety of ways. They create job opportunities through education, employ people and pay government taxes. They participate in societal initiatives like environmental protection, feeding the homeless, assisting the community

through capacity building trainings and donations. Such engagements in pursuing social, cultural and economic agendas that are directly beneficial to the general public are found to be the common feature of the Ethiopian private higher education sector (Tsegaye, 2004). Alem (2001) and Kassaye (2004) note that PHEIs have made significant contribution in reducing urban youth unemployment. Damtew (2005) also applauds the extensive free scholarship opportunities provided by PHEIs in Ethiopia as a 'unique scenario' created by the sector.

As may be seen in the graph below, the majority of the instructors and administrators who were subjects of this study rated the contributions of PHEIs towards local economy and development at moderately significant to highly significant. This was particularly reflected in the contributions of PHEIs in terms of creating employment opportunities for the citizenry, in paying taxes for the government, in producing the needed human power to the local economy and in reducing the financial burden of the government by enrolling students who can pay their own school fees. The highest rating in this area went to PHEIs' contribution in creating employment opportunities and paying government taxes which was rated at Most Significant level by more than 50 percent of the respondents in both groups.

The results from the interview also show that in the eyes of the institutional leaders, the contribution PHEIs are making in terms of creating the needed skilled manpower in the country is highly significant. The data offered by these respondents indicated that the sample four institutions alone have thus far graduated more than 200 thousand students.

Graph 6: The contributions of PHEIs to local economy and development

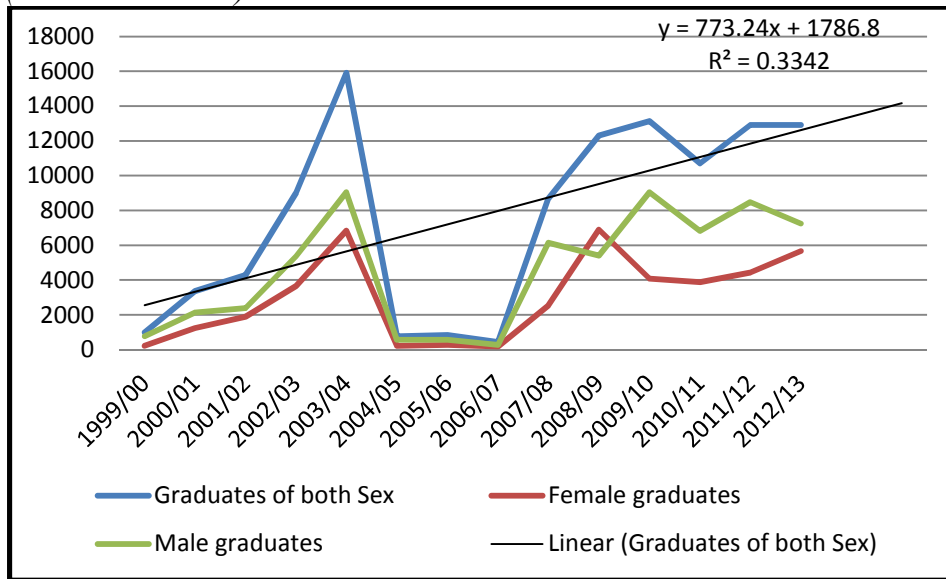


In terms of providing access to disadvantaged groups of the society through free scholarships and in participating in community development activities, both groups of respondents who filled out the questionnaire rated PHEIs' at moderate level. This calls for more sectoral and institutional efforts in order to strengthen their future efforts on these areas.

An analysis of the last 15 years trend was also made to gauge the overall contribution of the sector in terms of producing the needed man power using the data obtained from the Annual Statistical Abstracts of the MoE. The results are shown in the graph below.



Graph 7: Trend of Students who Graduated from PHEIs in Ethiopia (1999/00-2012/13)



Source: Computed from MoE Annual Statistics Abstracts (1999/00-2012/13)

Graph 7 above shows the contributions of PHEIs to the labor force of the country. It is estimated that, on average, 2559 students join the labor market per annum. The period between 2004 and 2007 can be taken as anomaly with regards to graduation of students in PHEIs, but generally the trend looks increasing. If we make a crude comparison between the yearly gross enrollment and number of students graduating from PHEIs, a huge gap is observed between the intake and number of graduates. This may be regarded as a proxy for student dropouts that PHEIs are experiencing.

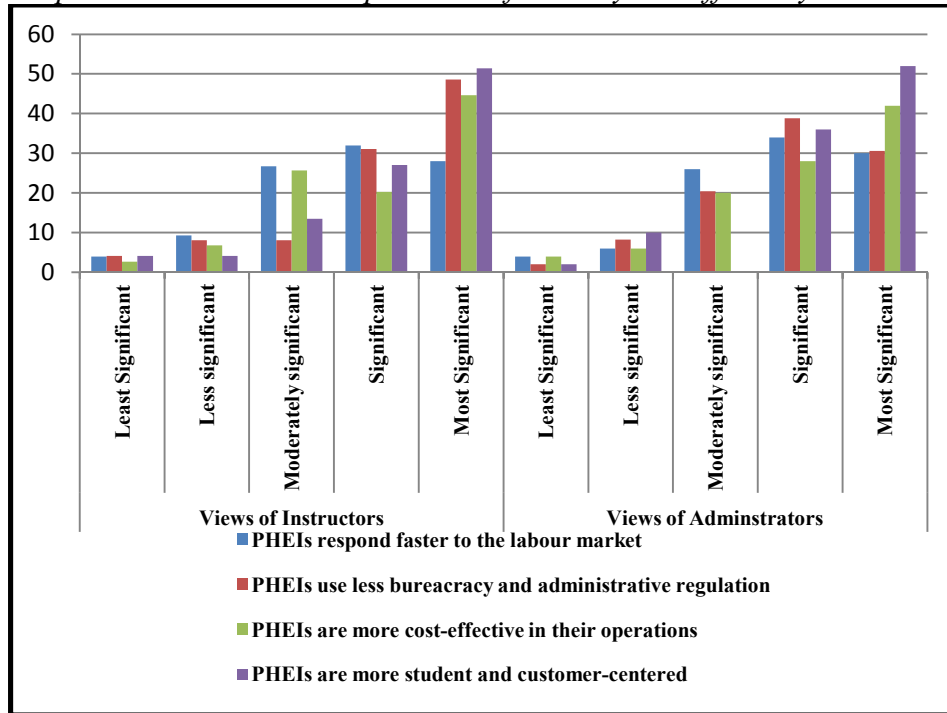
### 3.3. Operational flexibility and efficiency of PHEIs

Compared to the public sector, the private sector is considered to have better efficiency and operational flexibility. As noted by Varghese (2006), there is a social and economic compulsion on PHEIs to perform better since without such drives, they may be doomed to failure. Such efforts as minimizing institutional spending, strategic planning and marketing, vigorous contact with employers, better job – placement

efforts, student counseling, remediation opportunities and increased accountability of staff are some of the features that tend to make PHEIs more efficient (Levy, 2003).

This investigation shows that more than 50 percent of the research subjects (i.e., instructors and administrators) consider providing student and customer-centered services as one of the most significant contributions of PHEIs.

*Graph 8: Views on PHEIs operational flexibility and efficiency*



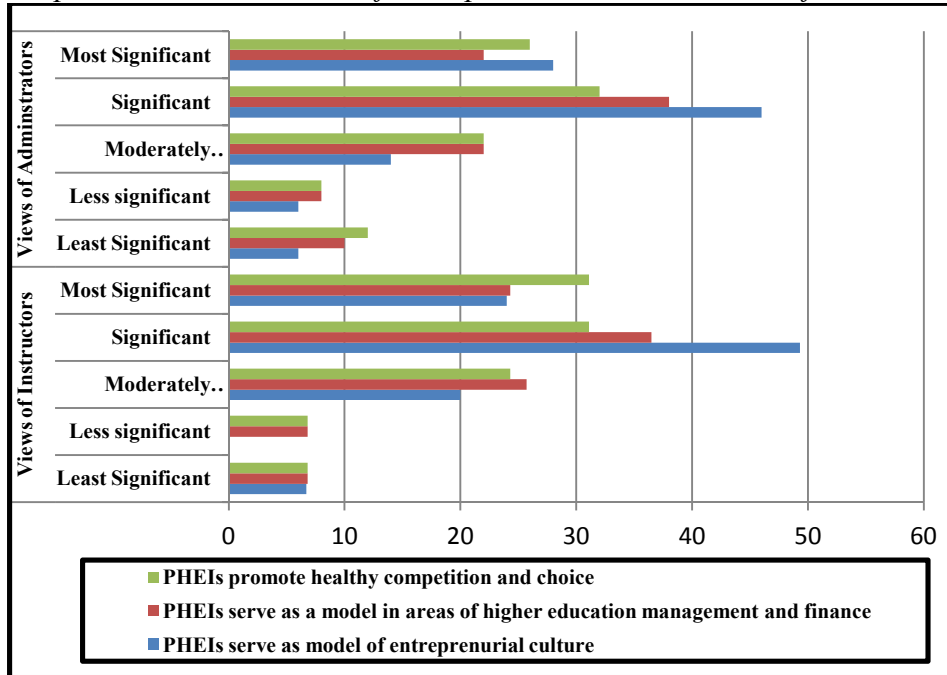
Operational flexibility in terms of employing less bureaucratic working procedures and adopting cost-effective approaches were also viewed by both groups as some of the significant contributions PHEIs have made. Nevertheless, responding to the needs of the labor market quickly is an area that PHEIs are viewed to have contributed moderately. This specific finding does not concur with findings in the wider literature and may be explained by the low level of differentiation Ethiopian PHEIs are currently exhibiting as compared to the public sector.

### **3.4. PHEIs as models of entrepreneurship and reform**

The innovative and business like orientations of PHEIs and the manner in which they organize themselves and perform their functions are usually considered as a source of envy for the rather less dynamic public sector. Among other things, PHEIs are reported to be successful in pursuing students' job market goals; they continuously seek to innovate and provide new programs of study and other products in situations where the public sector is constrained and/or less dynamic (Teixeira & Amaral, 2001; Levy, 2003). As argued by Morey (2004), entrepreneurial PHEIs increasingly force public institutions to examine themselves and become more competitive both in their internal operations and external posture. In doing so, they serve as positive sources of emulation in areas where the public sector in general and/or individual institutions in particular feel deficient and wish to introduce changes. Such initiatives as the introduction of new programs of study by the private sector in Ethiopia have been recognized as innovative (World Bank, 2003).

In this specific investigation, both instructors and administrators viewed PHEIs to have significant to most significant contribution in terms of serving as models of entrepreneurial culture and reform in the education sector. This was rated by close to 70 percent of the respondents in both categories concurring well with what is usually discussed in the wider literature.

Graph 9: PHEIs as Models of Entrepreneurial Culture and Reform



A considerable number of respondents in both categories also viewed PHEIs to have moderate contributions in terms of promoting healthy competition and choice within the higher education sector.

### 3.5. Ranking PHEIs’ contributions

Respondents were also asked to rank the categories related to contributions of PHEIs from 1 to 4 on the basis of the level of importance they assume. As might be seen in Table 1 below, there is marked difference between administrators and instructors in their rating. Both groups of respondents agree that PHEIs provided expanded access opportunity and contributed in addressing the equity dimension which was ranked first by both groups. However, they ranked the contributions of PHEIs differently on the remaining dimensions. While Administrators ranked operational flexibility and efficiency as their second choice, instructors’ ranked this category fourth. What came second in the instructors’ views was contribution to local development and economy which was ranked third by Administrators.

*Table 1: Ranking of contributions of PHEIs*

SN	Type of contributions	Rank based on	
		instructor's Views	administrator's Views
1	Access and Equity	1	1
2	Contribution to Local development and economy	2	3
3	Models of Entrepreneurial culture and reform	3	4
4	Operational flexibility and efficiency	4	2

In the light of the foregoing analysis, it would seem that the contributions of PHEIs in terms of creating access and equity has received the highest acknowledgement across the different respondents involved in the study, followed more or less by their contributions to local development and economy. The fact that PHEIs received a lesser rating on the other two areas might imply that Ethiopian PHEIs have not yet reached at a level where they might serve as models to the public sector as is the case elsewhere.

#### **4. The challenges of PHEIs**

The challenges PHEIs face are exhibited in various forms. These can be subsumed under the major headings of challenges related to legitimacy, regulation, funding and resource limitation, and government support.

##### **4.1. Legitimacy related challenges**

The acceptance and further proliferation of a private higher education sector heavily hinges on its image as a sector and the individual behavior of private providers which also assumes a significant part in the equation. An increased legitimacy means a high level of acceptance and trust that paves the way for the growth of the sector. Conversely, a low level of legitimacy conjures the image of a private sector liable to weaknesses, diminished trust and possible extinction.

Private higher education in Ethiopia enjoys legal legitimacy having been identified as a legally recognized investment area and governed through a

higher education proclamation primarily enacted by the authorities and mandates of the Higher Education Relevance and Quality Agency and the Ministry of Education. Despite the assumption that this must have improved the image and acceptance of the sector, the available research to date indicates that the market and professional legitimacy of the sector still continue to be seriously challenged. As evidenced in Samuel (2003) and Wondwosen and Getnet (2011), public institutions still appear to be the first choice for prospective students, notwithstanding the fact that there are private institutions that are considered to be equal or excel government institutions in the eyes of the public.

The problem of perception related to the Ethiopian private sector is further compounded by the illegal behavior of some private providers that do not observe regulations laid down by government threatening the overall acceptance of the sector (Kassahun & Tesfaye, 2009; Wondwosen & Getnet, 2011). Most of the findings in this research concur with these earlier findings.

In this study, one of the most serious challenges mentioned by close to 75 of the respondents from each group was the difficulty of attracting best students by PHEIs. This may be partly explained by the public's view towards PHEIs. Interestingly, equal proportion of instructors and administrators (i.e. 59%) believed that PHEIs are viewed by the public as less prestigious institutions (see Table 2 for details). What's more 78 percent of the respondents believe that the public has a different view of the quality of education provided in PHEIs. This is perhaps an indication that the market legitimacy of Ethiopian PHEIs is still questionable.

*Table 2: Views on Legitimacy Related Challenges*

Statements related to legitimacy	Views of Administrators (%)			Views of Instructors (%)		
	<i>Least serious to less serious</i>	<i>Moderately serious</i>	<i>Serious to most serious</i>	<i>Least serious to less serious</i>	<i>Moderately serious</i>	<i>Serious to most serious</i>
PHEIs lack prestige compared to public institutions	12.2	28.6	59.1	12.2	28.4	59.5
PHEIs have difficulty	14	12	74	8	16	76

of attracting best students						
The public's impression about the quality of education in PHEIs	14	30	56	10.9	21.6	77.6
Employers' lack of acceptance of graduates from PHEIs	30	30	40	30.1	32.9	37
Lack of research culture in PHEIs	40	16	44	24.4	25.7	50
Lack of participatory governance in PHEIs	27.1	12.5	60.4	20.5	31.5	48
Illegal nature of peer PHEIs	35.4	10.4	53.2	35.8	20.3	45.9
Excessive profit motive of PHEIs	22.5	18.4	59.2	20.3	32.4	47.3

The lack of participatory governance in private institutions, excessive profit motive and illegal practices of PHEIs have also attracted a significant portion of the respondents' attention as being serious challenges. The responses obtained from the interviewees comprise similar but emphatic notes with regard to illegal providers.

All of the interviewees recognize the improvements made with regard to the legitimacy of the private sector whose acceptability was marred with suspicion at the initial years of the sector's existence. Despite this encouraging development, interviewees further note, the illegal behavior exhibited by fellow private providers continues to be a serious challenge affecting the very existence of the law-abiding PHEIs and endangering the future of the sector in general. All of the respondents feel that in the absence of strict government control such providers are admitting thousands of ill-qualified applicants and strengthening their financial muscle through illegal means while the institutions that strictly observe the law have not even been able to work to their full potential due to various regulatory challenges.

## 4.2. Regulatory challenges

Whether delayed or immediate in their introduction, regulations that govern private higher education can be a source of assistance and/or impediments to the sector. In terms of posing challenges, government regulations may be exhibited through too lax an approach that may result in lawlessness, through too stringent an approach that may strangle the private sector altogether or anywhere in between. In this regard, the two major strands that may have serious implication to the private sector are identified by Galbraith (2003) as ‘state incapacity’, a feature that is defined by the lengthy and bureaucratic nature of government procedures and/or the inability of the government to enact laws, and ‘state obtrusion’ which represents the state of too much interference from the government. Regulations of the private sector also embody government’s stance in terms of leveling the playing field for both private and public providers of higher education in a given country (Levy, 2005).

With regard to regulations, the available research to date indicates that double standard and state incapacity to be more of an issue as compared to state obtrusion in the case of Ethiopia. The major issues considered as serious challenges in this case have been delay in accreditation of PHEIs, government’s double standard in the accreditation of public universities, and limited capacity of government to enforce rules and regulations (Elleni, 2003; Wondwosen & Getnet, 2011).

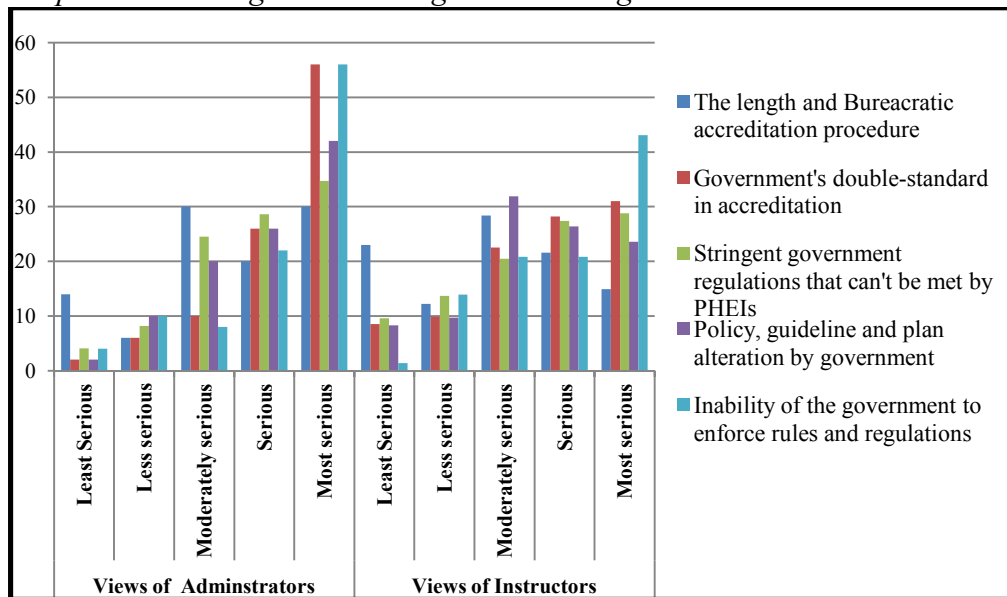
The specific findings of this research indicate that close to 60 percent of the administrators view government’s double-standard in accrediting academic programs and the government’s lack of capacity to enforce rules and regulations as the most serious challenges PHEIs are facing in Ethiopia. Close to 60 percent of the administrators and 55 percent of the instructors rated stringent government regulations from serious to most serious level which might illustrate the negative feelings PHEIs have towards prohibitive government regulations.

Not less than 30 percent of the respondents from each group also viewed the lengthy and bureaucratic procedures of accreditation as being of



moderate challenge which might indicate that there's improvement in the accreditation services HERQA is providing.

*Graph 10: Challenges related to government regulations*



The results obtained through interview also indicate that the regulatory regimes identified as serious challenges by institutional leaders mainly relate to prohibitive regulations that need to be continuously reviewed; double standards in terms of treating the public and private sector; and government's lack of capacity in enforcing rules and regulations on illegal providers.

### 4.3. Funding and resource limitations

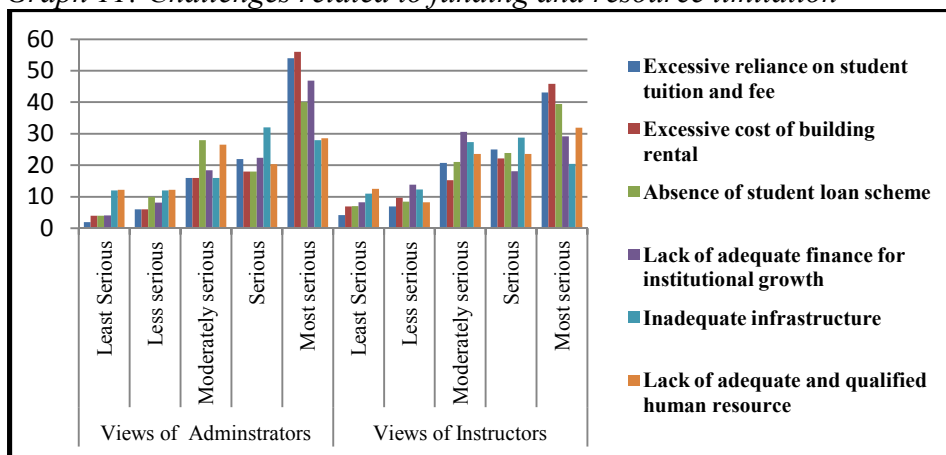
One major feature that defines PHEIs as compared to their public counter parts is their funding strategy which is mainly dependent on student tuition and fees. In addition to influencing the expense pattern of PHEIs (which may tilt towards teaching as compared to such engagements as research that may be regarded as a luxury), an exclusive reliance on tuition and fees can seriously endanger the very existence of the sector itself in times of low enrollment. As a corollary to the above, one might argue that the resource limitations of PHEIs can result in serious

impediments to their operations. Inadequate infrastructure, the lack of adequate and qualified personnel, and the lack of adequate finance for institutional growth can influence the private sector’s capacity to grow and its reliability in discharging expected roles.

Pertaining to funding and resource limitation, previous research has shown that Ethiopian PHEIs generate nearly 99 percent of their funding from students (Zewdu, 2001). The inadequacies such institutions exhibit in the areas of infrastructure and human resource are also widely recorded (Wondwosen, 2004; Leul, 2004; Ketema, 2004; Molla, 2006).

As might be gleaned from the graph below, the most serious challenge related to funding and resource limitation as mentioned by the majority of administrators and instructors in this research was the excessive cost of renting buildings that consumes much of what is collected as revenue from student tuition and fees. In a similar vein, the lack of adequate finance for institutional growth was rated at the level of serious to most serious challenge by the majority of the respondents. The absence of student loan schemes which has an impact on the funding strategy of PHEIs was also rated by 40 percent of both groups of respondents as the most serious challenge the sector is currently facing.

*Graph 11: Challenges related to funding and resource limitation*



In a similar fashion, interviewed institutional leaders identify the lack of funding and resource limitation as critical challenges that pervade the

private sector. They are apprehensive of the sector's excessive dependence on student tuition which could easily jeopardize the operation of PHEIs at any time of their existence.

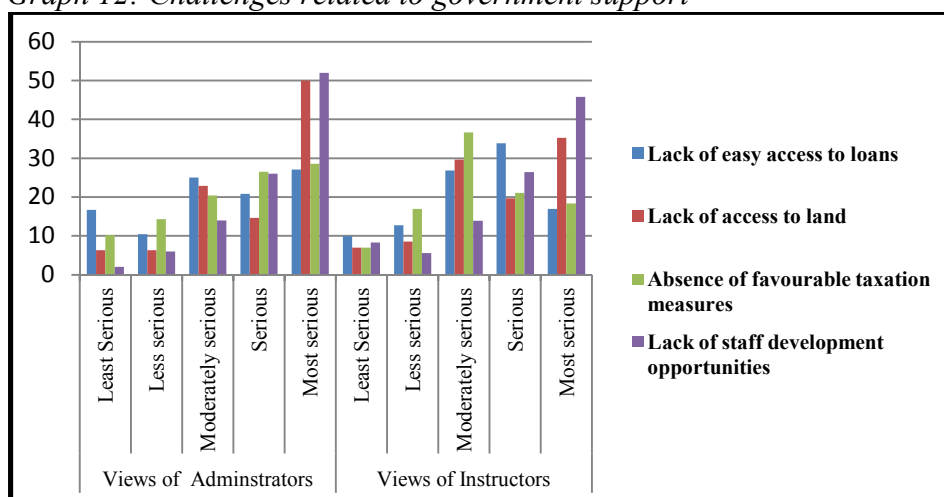
#### **4.4. Challenges related to government support**

Another crucial factor to the growth of the private higher education sector is the level of support it might be able to garner from the government. Mabizela (2005) argues that if the role of the government in supporting public institutions is considered vital, a similar consideration should be made about private institutions that support the quest for national growth through human resource development. Such challenges as the lack of access to land and loans from financial institutions, the absence of favorable taxation measures and investment incentives, and limited staff development opportunities provided to the sector are areas where government's intervention can have significant impact on PHEIs.

With regard to government support, there are legislations that laid the ground for possible government support in Ethiopia. The Education and Training Policy (1994), and the Investment Proclamation and its Amendment (1996 & 1998, respectively) and the Higher Education Proclamations (2003, 2008) have enough provisions that encourage and identify the manners in which private higher education could be supported. Despite the availability of such provisions and some effort on the part of relevant government bodies to assist the sector, previous work in the area shows that the major challenge in this regard continues to be how much government policies and intentions have been translated into real actions (Wondwosen, 2008). The results obtained in this research also support the same view.

Among the different challenges faced by PHEIs, the majority of respondents in each group mentioned the lack/absence of staff development opportunities for faculty members as the most critical one followed by lack of easy access to land. This does not appear to be surprising considering the needs of the sample pioneer institutions which run a wide variety of programs including post- graduate ones that demand highly qualified staff.

Graph 12: Challenges related to government support



The interviewed institutional leaders are also of the opinion that government support can assist PHEIs in reducing some of the excessive costs they are currently bearing. Such support areas as creating access to funds and land, and offering staff development opportunities are regarded as critical forms of assistance that may go towards ascertaining the viability of the sector. Examples like the creation of a revolving fund for the sector, long term loans, and Research Grant schemes that do not exclude the private sector have also been suggested as specific forms of government support.

#### 4.5. Rank order of challenges faced by PHEIs

Respondents were further asked to rank the category of challenges identified from 1- 4 as per what they consider to be their order of seriousness.

Table 3: Ranking of Challenges faced by PHEIs

SN	Type of challenge	Rank based on	
		Instructor's Views	Administrator's Views
1	Challenges related to government regulations	1	2
2	Challenges related to legitimacy	2	3
3	Challenges related to government	3	1

	support		
4	Challenges related to funding	4	4

As might be seen in Table 3 above, the subject groups have given a different order of rating for the category of challenges identified. While the instructors think that challenges related to government regulations come first in terms of their seriousness, followed by challenges related to legitimacy, the most serious challenge in the eyes of the administrators is related to government support, followed by challenges related to government regulations. The views of the Administrators signal more of the inside knowledge they have in terms of what appears to be critical to the sector's existence.

### **5. The way forward**

This paper has highlighted the salient contributions and challenges of the private higher education sector in Ethiopia as viewed by instructors and administrators working in four selected PHEIs.

The major findings of the study indicate that the private sector has made significant contributions to the country in terms of addressing the increasing social demand for higher education in general and creating opportunities for such special groups as female and distance learners in particular. No less has been the role of this sector in terms of contributing its share to the local economy and community related needs. The increasing legitimacy the sector is accorded from the government, the public and employers is also partly explained by the sector's usefulness in filling the existing void in these specific areas.

Despite its existence for nearly two decades now, the private sector in Ethiopia is also afflicted with a variety of challenges some of which appear to be serious threats to its future. These challenges include the individual behavior of illegal private providers, prohibitive regulations of the government, the public- private dichotomy that favors the former over the latter in many respects, and the lack of government support all of which have serious implications on the prospect of PHEIs.

In addition to highlighting the major features that may determine the proliferation of the sector, the major findings of the study provide some insights on how the future of the sector should be charted. The following recommendations are made in view of this consideration.

- i. There is an urgent need on the part of the government to develop a sustainable policy that fully integrates the private higher education sector into the Ethiopian higher education system with the articulation between the public and private providers clearly defined and the playing field properly leveled.
- ii. In recognition of its contribution and potential in assisting higher education expansion in Ethiopia, government should provide proper recognition and additional support to the private sector on the basis of merit, respect for law and institutional performance.
- iii. In addition to ensuring that existing regulatory regimes do not stifle private growth, government should also develop its capacity of enforcing rules and regulations that are meant to govern the sector.
- iv. PHEIs should devise ways of mitigating the existing challenges through individual and collective means using such avenues as their Association. They should also uphold the rule of law in all their operations and respect government regulations since this could positively or negatively impinge on the legitimacy they have so far acquired from employers, the government and the public at large.

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