

for-profit universities, businesses have long owned non-profit universities paying rent for land and facilities, buying their curriculum, and so forth. What is new is ownership by a foreign international chain, itself focused on higher education. Easily the largest in Mexico, as it is in Latin America and all over the world, is Laureate Education (which includes UNITEC and Universidad del Valle in its holdings).

#### PUBLIC-SECTOR REFORM

All of these new PHE forms reflect vigorous private initiative. In contrast, we will now turn to the government initiative to reform the *public* sector, where we can identify three salient areas: evaluation, study field distribution, and institutional diversification beyond the university. In each of these areas, the aim has been to make public higher education a more economically rational endeavor. But each initiative has had the unintended effect of creating obstacles to public expansion, and, in the last two areas, reforms have pushed students from the public to the private sector.

**Evaluation:** In the 1990s and into the new century, the government has turned against its own longstanding practice of distributing funds to public higher education largely based on enrollment numbers or precedent, without regard to performance level. This has been a blow to a major foundation of previously automatic public-sector expansion, which now depends in part on performance evaluation.

**Study-field distribution:** Similarly, Mexico's government decided that it should discontinue funding traditionally popular fields of study that, once saturated by students, undermine the public interest. Thus, government placed admission quotas on medicine, civil engineering, law, business, and management. An unplanned result, however, has been that students, with the support of their families, mostly continued in their preferred fields of study—in no small part because these fields continue to provide a better income. Many applicants who fail to make the public universities' field quota settle for openings in their desired fields in private institutions.

**Institutional diversification:** Likewise, government decided it should no longer automatically pay for a *university* degree for the great mass of higher education students. Such "overdemand" for university studies was said to follow social traditions, contributing to irrational saturation on the labor market. Already restrictive prestigious public universities came to reject up to 90 percent of applicants. Additionally, government halted the creation of public universities and from 1990 to 2009 created 343 new institutions of higher technical education, including two-year program institutions. But as the labor market continued to pay more for university graduates than for technical institution graduates, students not gaining admission to a public university often settled for a private university. In 2017, the government tried to partly offset this flow from public to

private universities by launching the "A Place for You" program, meant to secure "second chance" access to a university (public or private) to those rejected by selective public universities.

In sum, without any grand overarching design or goal, the Mexican government continues to enable private growth in the education sphere. It does so through a generally accommodating policy for the private sector and through public-sector reforms that sometimes end up also promoting private sector growth—while the private sector actively seizes the opportunity to expand. ■

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## Competitor Analysis in Egyptian Private Higher Education Sector

RAMI M. AYOUBI AND MOHAMED LOUTFI

*Rami M. Ayoubi is project consultant, and Mohamed Loutfi is professor and pro-vice-chancellor (International), Cardiff Metropolitan University, UK. E-mails: rayoubi@cardiffmet.ac.uk and mloutfi@cardiffmet.ac.uk.*

Competition in the higher education market is increasingly changing the attitude of universities in the sector. In Egypt, the demand for higher education is growing and the sector is undergoing considerable change, with a range of new, private providers joining established publicly funded universities. The higher education sector in Egypt has witnessed considerable changes since launching Law n. 101 in 1992 on regulating private universities and Law n. 12 in 2009 on amendments to govern private and national (nonprofit) universities. Both laws have contributed to introducing the concept of "competition for customers" to the Egyptian higher education sector.

The establishment and operation of private profit-oriented universities in Egypt are regulated by the Supreme Council of Private Universities, a regulatory body within the ministry of higher education whose members include all presidents of private universities, in addition to some presidents of public universities. In 2014–2015, there were 2,624,705 students registered in the higher education system, of whom 110,859, or 4.2 percent, attended private universities, a small part of the total number. In 2016, 24 private profit-oriented universities were operating in Egypt; their main source of income is tuition fees. These universities do not receive any funding from government. Being financially independent, private higher education institu-

tions have full financial autonomy. Fees in private higher education institutions are generally much higher than in public universities, and are determined by the council of each university. Students usually choose private universities for several reasons, mainly related to their lower academic performance in secondary school compared to students choosing public universities.

#### FOUR CATEGORIES OF COMPETITORS

Based on two criteria, price (annual fees per undergraduate student) and quality (academic staff reputation measured by quality international academic publications indexed in Scopus), and based on a google search for private universities in Egypt (along the following criteria: 1. total/partial teaching of courses in the English language; 2. total/partial accreditation by international universities outside Egypt; 3. international research production in the English language), we conducted a competitor analysis for Egyptian private profit-oriented universities and identified four segments of universities, as follows:

- **Segment 1:** “higher quality–higher price” universities, with high quality staff, research, and facilities. The average annual fees for universities in this category exceed US\$7,000. We found three universities in this segment: the American University in Cairo, Arab Academy for Science, Technology & Maritime Transport, and the German University in Cairo.
- **Segment 2:** “higher quality–lower price” universities, with high quality staff, research, and facilities, and lower fees compared to segment 1. Two good examples of universities in this segment are the British University in Egypt and Nile University.
- **Segment 3:** “lower quality–lower price” universities, with lower quality academic staff, research, and facilities, and lower fees compared to segment 1. The average annual fees for universities in this category are less than US\$4,000. We found that the type of students enrolling into universities in this segment are different from students in segments 1 and 2: they have lower scores in secondary school and belong to lower social classes. Nineteen universities can be found in this segment, including Misr University for Science and Technology; Misr International University; Future University; October 6 University; Sinai University; El Shorouk Academy; Pharos University in Alexandria; the French University in Egypt; Modern Academy in Maadi; Institut Français d’Archéologie Orientale; Canadian International College; and Al-Ahram Canadian University.

- **Segment 4:** “lower quality–higher price” institutions, with lower quality academic staff, research, and facilities, but fees similar to segment 1. Our analysis shows that none of the current private universities in Egypt are in this segment. However, in theory, some universities may, in the future, be categorized there, when the sector reaches a sufficient maturity and if the National Authority for Quality Assurance and Accreditation of Education (NAQAAE) launches a national university ranking.

#### CONCLUSION AND POSSIBLE FUTURE DEVELOPMENTS

Public authorities in Egypt recognize that in the future, the higher education sector should have a key role in the development of the country. Two major objectives are to produce enough graduates (i.e., increasing demand, leading to increased fees), and to improve the quality of research and development carried out by private universities (i.e., increasing overall quality). These two objectives are stated in a ten-year vision by the government to transform Egypt’s universities into modern, autonomous, research-intensive, market-oriented, and student-centered organizations.

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### Being financially independent, private higher education institutions have full financial autonomy.

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Apparently, the Egyptian government is striving to establish more private universities in segments 1 and 2 through partnerships with international providers, mainly UK universities. The future may bring about some dramatic changes for the sector. Some current providers may disappear from the market, particularly some of those in segment 3. The predicted increase of providers in segments 1 and 2 of the higher education market, with the support of the Egyptian government, will probably marginalize the role of universities in segment 3 (which includes most private universities in Egypt). We do not foresee that universities in that segment have the potential to move to segments 1 or 2, as they have their own type of customers. But acquisitions from universities in segment 1 and 2 of universities in segment 3 is a potential scenario in the next ten years. This scenario may require the government to think through alternative solutions to respond to the predicted unmet needs of customers in segment 3. ■

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