

new pedagogical approaches. Or it can be subject to the whims of the controlling family, to academic fads of little value, or to schemes to make quick money. Much depends on the motivations and judgment of the family owners.

Given the centralized control and a lack of tradition of shared governance, family universities often maintain power over academic and other staff. There are often fewer guarantees of academic freedom, less scope for autonomy, and the potential for more authority over teaching styles. Family universities may be more efficiently managed because of tight central control, or they may experience whatever questionable policies are forced on the institution by the family group. These distinctive traits may also characterize other private universities—especially those at the lower end of the academic pecking order—but may be exacerbated in family-run institutions. Family ownership does not guarantee efficiency.

CHALLENGES

Family-owned universities face some significant challenges—one of the most important of which is that of continuity: what happens when the charismatic founder-educator passes from the scene? Will other family members carry on the original mission or even continue to run the institution? Will family members possess the skills to provide leadership and manage a university? Will family-owned institutions established for academic, philanthropic, or political reasons be able to sustain the founder's vision over time? Family institutions established for producing revenues may have fewer problems of continuity, but the complexity of academic institutions requires a level of sophistication that goes beyond a typical business enterprise.

Building and maintaining academic quality demands a commitment from the academic community. Recent examples of newly established universities include some that are family owned, have quickly gained a reputation for high-quality academic programs and which have developed impressive facilities. Some of the institutions that began infused with both funds and academic enthusiasm have failed, in part because of inconsistent leadership, failed to achieve their potential. Creating sustained leadership and effective long-term management causes serious problems for family-owned universities as control inevitably passes from one generation to another.

CONCLUSION

It is hard to generalize about this special type of academic institution. Some are visionary institutions established by charismatic educational thinkers. Others are founded to solidify political power, while many others are founded to earn money. In the rapidly changing and ever-expanding landscape of higher education, the phenomenon of family-owned academic institutions is one that requires understanding—and scrutiny—as an emerging category of academic institution. ■

Private versus Public in Romania: Consequences for the Market

LUMINIA NICOLESCU

Luminia Nicolescu is an associate professor at the Academy of Economic Studies, in Bucharest, Romania, and a partner, in the PROPHE Central & East European Regional Center. E-mail: lumin@pc.net.ro.

IHE devotes a column in each issue to a contribution from PROPHE, the Program for Research on Private Higher Education, headquartered at the University of Albany. See <http://www.albany.edu/~prophe/>.

Some 15 years after its creation, private higher education continues to develop alongside public higher education in Romania. On several major fronts (such as quality control, financing, and reputation) there is conflict between the two sectors. An important example, the focus here, concerns confrontation in the market place, affected by developments in legislation, policy, the economy, quality of education, and customer opinions.

THE RISE OF PRIVATE HIGHER EDUCATION

In the early 1990s, private higher education started to develop in Romania within a total legislative vacuum. Private higher education was the first to respond in quantitative and structural terms to the excess educational demand. The new private institutions absorbed much of the educational demand to which the public sector, still under a centralized organization, was unable to respond immediately. The private sector grew fast—mainly in the fields of high demand such as business, law, and the humanities—with the establishment of 83 institutions and 30 percent of total enrollments during the middle and late 1990s. However, in the first years, many of these private higher education institutions were functioning under precarious conditions, with unqualified teaching staff and thus a negative image with respect to quality. In spite of that, demand was high in the education market for the public sector as no alternative was available that was still based on the traditional elitist philosophy. But the majority of private higher education applicants choose it as a second-best option, after either failing or feeling unqualified to gain admission to the public sector. Most of these aspects of private-sector demand have been common elsewhere in the region and beyond.

The introduction of an external quality monitoring system, through the accreditation process, has led to the closing of a number of private institutions (14 in 2001), while others have been accredited. At present, 31 out of the 70 functioning privates have accredited status. Consequently, levels of quality and social legitimacy have increased, but private higher education still has the image of a profit-oriented sector that offers lower

quality education than in the public sector and attracts low-ability students. This unfavorable image, coupled with post-1995 developments in the public sector, has led to a decrease in the private higher education market share (though the raw numbers continue to rise).

THE PRIVATIZATION OF PUBLIC HIGHER EDUCATION

Public education, the only form of higher education in Romania prior to 1990, had high-quality status. It expanded after 1990, both in the number of institutions (44 to 57, 1989–2003), and in enrollments (164,507 to 457,259). The main developments in public higher education have been influenced by a reform process slow paced until 1995, gradually speeding up between 1997 and 2000, and then slowing down again after 2000.

The reform of the public sector meant a decentralization of the decision-making process and granting academic and financial autonomy. Public universities were allowed to make their own academic decisions, and this led to significant program diversification. Public institutions were allowed to raise extra funds—including tuition fees. Consequently, the number of tuition-fee-paying students greatly increased, doubling the total number of students and bringing the ratio of subsidized to paying students to 50:50 in many public universities. In fact, the process represented a privatization of the public sector that led to increased access to public higher education and thus a larger extent of market coverage by the public sector. Yet, once the public sector was allowed to develop its private side, many public universities have been blamed for excess embracing of economic motivations and for emphasizing quantity over quality. Notwithstanding such criticism, the demand for public higher education has continued to grow. Key aspects of the public privatization and transformation in Romania are also common in other postcommunist countries.

Initially private higher education grabbed a part of the market from a public sector suffering from centralization and inertia.

PUBLIC VERSUS PRIVATE HIGHER EDUCATION IN THE MARKET

Initially private higher education grabbed a part of the market from a public sector suffering from centralization and inertia. But lately the public sector's privatization has shifted the market relationship between public and private in two directions. First, many students would rather attend a public university as fee-payers than a private one, to obtain an education with a perceived better quality and a stronger reputation. So the privatization of the public universities takes place at the expense of the private ones. In 2000–2003, a 35 percent increase in total enrollments took place, while the percentage of private higher education total enrollments decreased from 29.5 to 23.3 percent.

The second direction is the increase in the number of fee-paying master's programs offered by public universities, in which access is generally free, where the so-called phenomenon of "diploma washing" takes place. This means that graduates of private universities enroll in master's programs at a public university in order to "clean" their initial diplomas, raise the credibility of their studies, and obtain final degrees from a renowned public university.

To conclude, private higher education has started to lose market share lately, as trends on quality diverge: the private sector improves due mainly to accreditation requirements, while the public sector allows its new economic freedom to claim increased market share at the expense of quality. These tendencies do not mean that private-sector quality matches public-sector quality or that private growth has ended. They do, however, suggest a new stage of Romanian private-public marketplace competition, reflecting wider regional tendencies. ■

Analyzing a Private Revolution: The Work of PROPHE

DANIEL C. LEVY

Daniel C. Levy is director for the Program of Research on Private Higher Education (PROPHE) and Distinguished Professor, at SUNY (University at Albany). Address: School of Education, University at Albany, Albany, NY 12222, USA. E-mail: dlevy@uamail.albany.edu.

Readers of *IHE* have seen a major flow of entries on private higher education in recent years. This flow reflects what can reasonably be characterized as a "private revolution." Around the world, private higher education has greatly expanded or otherwise gained prominence, often quite suddenly or surprisingly, though usually linked to wider political-economic tendencies of privatization. Complementing and often interacting with the surge in private higher education is the multifaceted privatization of public higher education.

Yet private higher education remains largely a niche field for scholarship. Mainstream higher education literature has shown academia's common sluggishness in identifying and analyzing fast-changing phenomena. On the other hand, news pieces and reports proliferate, showing little or no awareness of private higher education elsewhere or of concepts and data from the still small scholarly literature. Ad hoc impressions and heated and poorly informed polemics usually predominate while vital and multiple policy issues are at stake in country after country.

PROPHE

Against that background, PROPHE (Program for Research on Private Higher Education) was created, 2000, at the University at Albany, SUNY. It is financed mostly by the Ford Foundation.