

Australian universities remains similar to that of North American and European universities, and good work continues.

However, university marketing budgets remain very large, with symptoms of public underfunding everywhere. Australia has attracted few high-quality foreign doctoral students, and the aim is to secure revenues rather than to allocate scholarships. The opportunity to develop rich intercultural pedagogies and curricula has not been taken—given that the policy focuses on minimizing the unit cost per international student, to maximize earnings. Moreover, at the bottom of the hierarchy there are diploma mills and immigration scams.

In spite of unhealthy signs, Australian policy is unlikely to change unless and until the volume and quality of international student demand drop. Then the crunch will come: the choice of either maintaining export revenues (for example, via immigration incentives) at the further cost of the quality of students, education, and Australia's global reputation; or public refunding that sustains quality but increases fiscal costs and halts export growth. ■

## For-Profit versus Nonprofit Private Higher Education

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While most of the world's private higher education is nonprofit, a major uptick is under way concerning for-profit higher education. In the United States, for-profits are the fast-growing segment of higher education and will probably soon capture a 10th of total enrollment—about one-third of the country's private higher education overall. Although the US for-profit share is larger than in most of the world, that segment is growing in many countries. The potential for growth of for-profit higher education appears strong in such areas as adult education, distance education, career education, and foreign-domestic partnerships. A few decades back, even nonprofit private higher education was prohibited in much of the world, whereas today very few countries maintain such a ban. The extent to which legalization of for-profits will follow suit is

as yet unknown, but growth is unmistakable.

The prominence of for-profit higher education relates not just to its expansion but also to its relative distinctiveness. Undeniably, major blurring occurs across all three higher education sectors—for-profit, nonprofit private, and public. But just as scholarship has identified major private (nonprofit) versus public differences, we can increasingly see for-profit versus nonprofit differences. Furthermore, most for-profit versus nonprofit differences likewise reflect the fact that the for-profit sector is particularly distinctive from the public sector.

### NOT A DISTINCT SECTOR

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Additionally, some countries neither proscribe nor explicitly allow the for-profit form, simply not mentioning it in the education context. Further ambiguity, however, relates to a widespread misconception about the nature of nonprofit institutions; outside the United States, “private” is often equated with business or pursuit of financial gains. Yet nonprofits violate no rules simply by pursuing gain, as long as the gain is not distributed as profits to owners. Gains reinvested in the institution, perhaps to cross-subsidize fields or build new ones, are legitimate within the nonprofit rubric. Illegitimate but common are other forms of distributing gains, as with expensive perks for family members who may be listed as part of the work staff. It was such widespread practice that helped drive the Brazilian government in the 1990s to permit legal for-profits: better to have tax-paying for-profits than bogus nonprofits.

Blurry boundaries and overlapping realities are hardly unique to higher education. They are longstanding matters of great concern in the general literature on nonprofit organizations and intersectoral differences. Confusion is today compounded as nonprofits commercialize themselves more than ever. Indeed, as manifested in higher education, even some public institutions increasingly take commercial routes. Furthermore, even when clearly identified as for-profit, institutions are often only ambiguously “higher education.” This is particularly salient with training (as opposed to “education”) institutions. The former may come under business law, the latter under education law, with only the former allowed to be, legally, for-profit while the actual boundaries are slippery. Finally, domestic partnerships are growing between public universities and for-profit colleges, sometimes causing ambiguity

as to the nature of the units. In cross-border activities, foreign universities that back home are clearly public or nonprofit partner with private entities abroad, where they themselves act like for-profits.

Intersectoral blurring often increases over time. On the coercive side, state rules and regulations may outlaw certain distinctive traits, such as charging “too much” tuition in India. On a noncoercive side, sectors may choose to emulate one another in certain respects, as in training for the labor market, or they get imprinted by similar overarching market or social realities (such as changes in religious beliefs).

Even if to some extent we define *for-profit* in higher education, we must recognize that for-profit hardly indicates one form. A few institutions are very large, foremost the University of Phoenix, approaching 400,000 enrollments. Like Phoenix,

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some of these are multisite and some are distance-education institutions. Phoenix is part of the Apollo group, which operates internationally. The largest international for-profit chain, however, is Laureate, which is most extensive in Latin America, followed by Europe. Whitney International is a more modest example. However, the great majority of US for-profits are solely domestic institutions, and the for-profit institutions in most countries are largely domestic providers—often small proprietary institutions and frequently family owned. Yet many nonprofits are also small and family owned, and no reliable data exist to compare nonprofits and for-profits on these aspects. We do know that public institutions are substantially larger on average and by definition not family owned. Yet, an absolutely key variable within the for-profit sector lies between institutions of abysmal quality, with dubious intentions, and institutions seriously pursuing gratification of students' interest in practical study aimed at the labor market. The foreign for-profits are at great pains to distinguish themselves from the often numerous fly-by-night domestic for-profits (or nonprofits), and of course, as in the Anglophone Caribbean, they may face a special set of rules dealing with foreign provision.

#### MAJOR FOR-PROFIT VERSUS NONPROFIT DIFFERENCES

The established differences between private and public higher education are especially clear when the private is for-profit. It tends therefore to be the for-profits that provide the starkest contrasts to public higher education.

These generalizations are illustrated in finance. Whereas public higher education (notwithstanding a strong push to tap

into private funds) remains extremely dependent on government money, typical private institutions draw overwhelmingly on tuition and fees. The exceptions, most importantly US private research universities, are usually nonprofit, as are church-related universities. The United States may be unique in allowing government grants and loans to go to students in (accredited) for-profits.

In governance, private higher education institutions are generally more hierarchical and centralized than public ones, especially regarding for-profits. For example, whereas professors tend to have less power in private than in public institutions, they are notoriously weak in for-profits; in fact, for-profits sometimes boast of this weakness, claiming it allows their institutions to concentrate more on student desires. Mainly, privates pursue accountability more to their usually narrow group of direct stakeholders while public institutions claim a more dispersed accountability to the broad public. To the extent privates claim to defy this generalization, they are usually nonprofits. Moreover, a common private-public contrast involves the greater government policymaking for the public sector, but government's role on the private side generally constitutes public funding or tax exemptions provide a rationale (i.e., on the nonprofit side). Accreditation may be stepped up, however, where suspicion about for-profits' quality or motives could conceivably stimulate more vigilance of for-profits than nonprofits, though again for-profits are sometimes treated as businesses, not under higher education rules.

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It then comes as no surprise that public universities' denunciations are often leveled at the for-profit institutions (based on legal or behavioral status) as low quality, deceptive frauds, and businesses uninterested in true education. For-profits tend to launch the harshest critiques of the public universities as slow to change, out of touch with student-consumers' and employers' interests, too expensive and inaccessible, vague in their purposes, and feebly accountable to those who finance them. Often the for-profits launch these critiques simultaneously at the nonprofit private as well as the public institutions, making few distinctions between the two sectors. ■