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The Higher Education Crisis in Developing Countries

"... the crisis of higher education is not merely one of public confidence vis-a-vis the performance of higher education; it is also, and perhaps more fundamentally, an internal crisis of purpose, that is, one which touches on the very nature of individual institutions, their roles and functions and their place in the total higher education system." (OECD Conference on Policies for Higher Education, 1981)

by Jamil Salmi

Education and Employment Division
Population and Human Resources Department
The World Bank

International Trends

Higher education is in crisis. Many developing countries are confronted with an alarming situation of uncontrolled growth of enrollments against a background of diminishing financial resources, a decline in the quality of teaching and research, and a rising problem of graduate unemployment. What has gone wrong? How is it possible that the carefully planned development of higher education during the last three decades has led to a crisis situation characterized by a pattern of unmanageable expansion? What kinds of reforms can be effective to overcome the present crisis?

From Enthusiasm to Disenchantment

In the early 1960s, the African, Asian and Latin American ministers of education met under the auspices of Unesco in Addis Ababa, Bangkok and Santiago respectively to adopt comprehensive educational plans calling, among other priorities, for a rapid increase in higher education enrollments. The ambitious quantitative objectives adopted at that time reflected a strong commitment to rapidly train the professional, technical and managerial manpower required for economic development.

The results surpassed the initial expectations. Between 1960 and the late

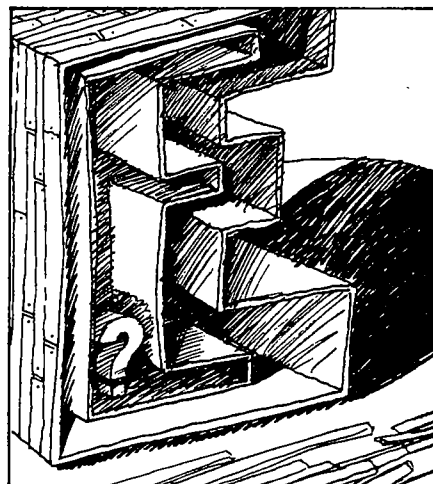
1980s, higher education enrollments were multiplied by 9 in Africa, 4 in Asia and 9 in Latin America. This rapid expansion was fueled by a strong social demand for higher education and facilitated by generous government policies of open admission, free education and, in many countries, grants for all students and guaranteed employment for all graduates.

However, the very success of these expansionary policies has put higher education in jeopardy as enrollments have grown at a faster pace than resources. The quality of teaching and learning has declined as a result of overcrowding, inadequate staffing, deteriorating physical facilities, poor library resources and insufficient scientific equipment. In many cases,

internal efficiency is very low and a significant proportion of the budget is wasted. In Madagascar and Senegal, for example, the pass rate at the end of the first year of university is only 13 percent and 20 percent respectively. Moreover, in many countries, the phenomenon of graduate unemployment/underemployment has become a serious problem even in scientific fields. This has been observed for instance in Bangladesh, India, Pakistan, Sri Lanka, the Philippines, Peru and Egypt.

Paradoxically, the rapid expansion of higher education has also had adverse effects from a social equity viewpoint. Despite increased democratization in terms of student enrollment, the present pattern of allocation of resources between levels of education is highly inequitable.

In many developing countries, where the majority of students come from high and middle income families, higher education receives a disproportionate share of the government education budget. In Brazil, for instance, 23 percent of the budget goes to 2 percent of the student population; in Rwanda 15 percent goes to 0.2 percent of the student population. In developing countries as a whole, the average unit cost in higher education represents 370 percent of per capita income compared to only 49 percent in industrialized countries.



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The present crisis has shaken the confidence of university administrators, academics, students and employers alike. Much of the blame is put on the economic recession of the 1980s to explain the lack of resources and the diminishing job prospects. But is the higher education crisis just an outcome of adverse economic circumstances or the logical result of unsustainable structural trends?

Shared Responsibility: the Role of National Leadership and International Expertise

"If the only tool you have is a hammer, then all problems look like nails."

In the aftermath of independence, developing countries followed international conventional wisdom in the belief that the most important priority was to train qualified people in professional fields relevant to the needs of the economy. Many governments created unlimited expectations among the population by allowing automatic access to higher education for all secondary schools graduates, by inscribing in the constitution a commitment to provide free education at all levels, and by offering a public sector employment guarantee to all university graduates. This approach reflected a vision of the State as a benevolent institution. It also revealed the implicit belief that resources would keep flowing regardless of the size of the higher education system. It made no allowance for unforeseen constraints, thus ignoring the high risk nature of higher education investments.

The type of planning techniques used to orient the development of higher education in the 1960s and 1970s was consistent with this approach. Many developing countries followed the European manpower planning model to plan the expansion of university programs and the establishment of new specialized institutes. But this approach was methodically flawed in its failure to anticipate the

impact of technological change on skills demand.

Moreover, with the rapid growth of the supply of university graduates, there is a process of down-scaling or vertical substitution whereby occupations are being filled by over-qualified people.

It is important to note the convergence of approach between national leaderships and the international donor community, which reinforced the trends described above. While many nations were proud of their independence with respect to primary and secondary education, the need for higher education systems to maintain multiple links with the outside world was widely accepted. As a result, the technical assistance given by

Many governments created unlimited expectations...

foreign experts and the financial support provided by donor agencies reinforced the developing countries' emphasis on unrestricted quantitative expansion.

Many bilateral donor agencies have been keen to provide support through university linkage programs. While such links have been very useful in helping teachers and researchers maintain professional and intellectual ties with sister institutions in industrialized countries, programs were often designed to fit primarily the research interests of the Northern institutions involved, promoted the establishment of academic 'oases' without multiplier effects on the rest of the university, and lacked proper mechanisms to ensure sustainability after closure of the project. For example, the USAID-supported agriculture research project between the Bogor University of Agriculture in Indonesia and a consortium of North-American universities was very successful until the mid-1970s. But within

a few years after the project ended, the positive results faded owing to the lack of financial resources and political commitment to sustain previous efforts and the failure to define a long-term research policy.

As the growth of enrollments in primary and secondary education accelerated in the 1970s, education planners in developing countries failed to assess the implications in terms of higher education expansion and increased expenditures. Because unit costs are typically much higher at the tertiary level, these trends have generally meant a rising share of the higher education budget in the total education budget. Even if budgetary resources had continued to be forthcoming, the pattern of unlimited expansion of higher education enrollments at no direct cost to the students could not have been sustained forever.

A similar line of reasoning applies to the emergence of graduate unemployment. Graduate unemployment has essentially become, in many countries, a structural problem reflecting a fundamental arithmetic imbalance between the number of university graduates and the number of new jobs available in the modern sector of the economy.

The Higher Education Environment in Perspective: Constraints and Uncertainties

The environment in which higher education systems operate has become increasingly unstable and unpredictable. At the economic level, the performance of higher education is directly influenced by the availability of financial resources. Higher education is sensitive to changes in the overall size of the public budget and in priorities within the budget. The budget, in turn, is affected by the national and international economic and financial situation. Many countries have accumulated a large foreign debt financed by a growing fiscal deficit and are faced with the need to implement structural adjustment programs including measures

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to reduce public expenditures. The renewed interest of the international community in basic education, symbolized by the 1990 World Conference on Education for All, is also likely to cause shifts in resource allocation from higher to primary education. Therefore, the prospects for increased budgetary resources to finance higher education are anything but promising.

The external efficiency of the university system is determined by the labor market performance of graduates. Both structural adjustment and technical change have an impact on the level, type and location of occupations available to higher education graduates. Adjustment programs bring about shifts in the sectoral allocation of jobs. In Côte d'Ivoire, Malaysia and Bolivia for example, there has been a shift from manufacturing and government employment back to agriculture. In Egypt, the recession led to a large drop in the number of jobs in the manufacturing sector. Technological innovations influence the evolution of employment structures and job contents, with related changes in skill requirements and training needs.

The political environment of higher education has become highly explosive. Issues such as open admission, free education, or guarantee of employment are very sensitive subjects which governments need to treat with much caution. While, in industrialized countries, the radical student movements of the late 1960s did not go beyond shaking the established order, in developing countries, student revolts have been known to topple governments, as happened in South Korea and Thailand for example. During the last decade, students created serious political upheavals in Argentina, Bolivia, Peru, Uruguay, Bangladesh, Burma, Indonesia, India, Turkey, Nigeria, Liberia, Ghana, Niger and Senegal. In 1989, student unrest prompted the closure of universities in Kenya, Uganda and Zimbabwe. In March 1991, the Malian Minister of Education was lynched by an angry mob. Failure to weigh the political risks of any university reform proposal

could be suicidal for education policy makers.

The presence of many autonomous actors in higher education is also a complicating factor when it comes to implementing planned change. Unlike other public institutions which have a relatively simple organizational and power struc-

due to diminishing budgetary resources in the context of free education policies. If this trend were to continue, the unchecked expansion of higher education in response to demographic and social pressures would exacerbate the problems of limited financial resources, poor quality and difficult access to employment.

From an efficiency and equity standpoint, however, the allocation of resources to higher education and the determination of enrollment levels and priority fields of study should reflect closely the future work force requirements of the economy. Any plan allowing for further unlimited expansion of higher education would be hard to justify in the present context of economic slowdown, declining job creation rates and increasing employment difficulties for graduates. The most logical option would be to adopt a demand-driven strategy with cost-recovery measures.

Obviously, neither option is politically or socially feasible. Appealing as the demand option may be from a purely economic viewpoint, it would not respond realistically to the demographic and social pressures confronting most developing countries. Similarly, a status quo approach would present the risk of further deterioration of the quality of education due to insufficient financial resources, and of rising resentment among students dissatisfied with inadequate learning conditions and poor job prospects.

Countries typically follow one of three main strategies which can be characterized as the *passive risk approach*, the *positive risk approach*, and the *diffuse risk approach*. In the first instance, there is a deliberate decision not to tackle any sensitive issue head on because of the potentially negative political implications. This reflects a choice for protection from short term risks (student activism) rather than prevention of long term negative effects (unmanageable financial situation and declining standards). Education authorities are content with minimal changes to keep the crisis at a manage-

...further unlimited expansion of higher education would be hard to justify

ture, universities have a multiplicity of vertical and horizontal levels of authority and professional competence which complicate any reform attempt.

Because of the built-in training lag, higher education systems respond slowly to rapid change in the environment. By definition, it takes several years to design and implement reforms of higher education structures or programs and several more years to evaluate the performance of the new graduates. Thus, there is a substantial risk of wrong orientation or obsolescence even before the reform or innovation can bear fruit.

Reform and Survival Strategies

In response to the higher education crisis, the various actors involved have adopted a variety of strategies. Decision-makers find themselves caught between conflicting objectives. On the one hand, from a social and political point of view, most governments in developing countries are committed to allowing any secondary school graduate to enter higher education. As a consequence, higher education has become supply-driven without reference to available resources, quality standards, and labor market needs. The quality of education has suffered

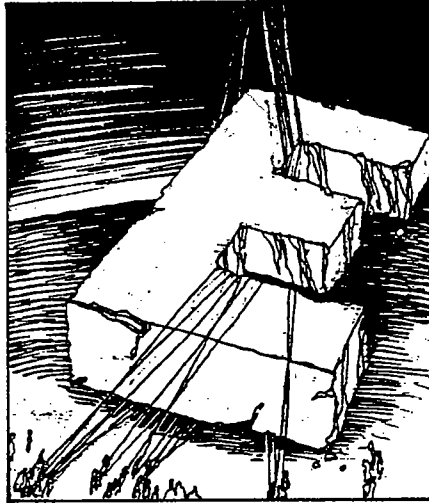
level in the short term. In Egypt, for example, which has one of the largest higher education systems in the developing world, the Government has addressed the issue of open access by creating a large network of second-rate, two-year technical institutes which are no more than academic parking lots for surplus students.

In the *positive risk approach*, there is a deliberate attempt to introduce important reforms. In Thailand, for instance, the Government decided in the late 1960s that excess social demand could not be accommodated any more and that admission to the traditional universities would be selective, based on merit. To cope with the unmet demand, two large open universities were established: Sukothai and Ramkhamhaeng.

In the *diffuse risk approach*, the education authorities follow a more timid path involving reforms in limited segments of the higher education sector. In India, for example, the government has adopted a mixed admission policy leaving access to general liberal education entirely open but making access to the professional fields selective and demand-driven.

The degree of perception of economic, social and political risks directly affects how problems are defined and reforms implemented. Education authorities and experts are influenced, in particular, by the paradigm implicitly used for risk evaluation. In the structural-functional tradition, there is an intrinsic belief in a smooth evolutionary process with marginal disruptions, which leads to a focus on managerial and technical risks. If one accepts, however, the notion that a conflict approach provides a better grasp of real life, it becomes necessary to consider not only potential unexpected events, but also the likely reactions of all groups whose interests are threatened by the proposed reforms.

Very often, the main problem faced by education authorities is one of transition, not of absolute feasibility. In systems where access is unrestricted and



education has no direct cost, the main constraint is the first step to move away from open access to selective admission and from free education to some degree of cost-recovery. There are precedents indicating that different options can work, even in developing countries. A number of former British colonies, for example Ghana and Zimbabwe in Africa or Malaysia, Singapore and Sri Lanka in Asia, have successfully implemented measures to limit access to higher education. There are also a few countries with a sizeable private higher education sector, notably Brazil, the Philippines, and Indonesia. In the Arab world, where almost all university systems have deteriorated as a result of the uncontrolled growth of enrollment, Jordan is an example of a country which has been able to maintain a tradition of restricted access and partial cost-recovery, and which can boast of having one of the region's best performing university networks.

It is important to observe that attempts to resolve higher education problems in isolation can backfire. For instance, in many former French colonies with open admission policies, there is frequently a process of hidden selection at the end of the first year of university, resulting in high levels of repetition. The introduction of measures to improve internal efficiency, while desirable from the viewpoint of reducing wastage, would

increase the risks of labor market saturation and rising graduate unemployment.

One of the recurrent questions confronting educational planners intent on reforms is whether to concentrate on improving existing institutions or creating new institutions. In principle, it would make more sense to mend what exists before attempting to establish something new. But there is always a risk that the innovation would fail to spread to the rest of the system and that a sort of oasis would be created in the midst of an otherwise malfunctioning university. With the establishment of new institutions, however, there is a high risk of academic drift. This phenomenon has been observed in Egypt, when a Technology Institute modeled after the German Fachhochschule was set up in Helwan in the 1970s. After a few years, the faculty and the students successfully demanded that the Institute be upgraded to the status of a full engineering college.

At the individual level, integrating the risk factor can take many forms. Students may try to find information about job and career prospects to orient their choice of field of study. In countries where private institutions of higher education exist, growing numbers of students are willing to take a financial risk to obtain what they perceive as a more professionally relevant form of training rather than attending traditional courses in humanities or social sciences in the public universities.

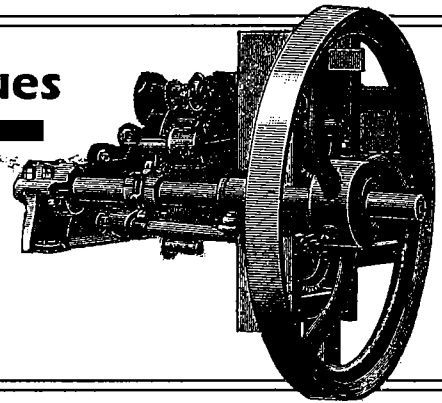
When graduate unemployment is a serious problem, students adopt what could be called a stakeout strategy whereby they accept the risk of settling for temporary work solutions while waiting for the "right" job opportunity. In Egypt, for example, where there is a de facto five-year waiting period to obtain a government job under the employment guarantee scheme, students take part-time jobs in the private sector or underqualified occupations in the informal sector before the so-much-coveted life employment job in the public sector.

Sometimes, individual strategies to minimize risk have a negative effect at the

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global level, thereby increasing collective risk. In situations of graduate unemployment, for instance, a student may decide to get a higher degree than initially planned in order to increase his or her

In most developing countries, higher education has experienced radical transformations since independence. After three decades of rapid expansion in a relatively worry-free context, it is becoming increasingly threatened by an environment full of constraints and challenges. Traditional approaches to higher education planning and decision-making have failed to build into their strategies appropriate mechanisms to evaluate uncertainty and risk. Education planners are therefore confronted with the need to move away from a crisis management attitude to a risk analysis approach.

Including risk as an important variable in the identification of issues, the

chances of finding a job. One can indeed expect that, all other things being equal, employers will recruit, for a given position, the person with the highest credentials. But if every student starts to follow the same strategy, the individual ad-

Conclusion

construction of problems and the design of reforms should not proceed from the idea that the future can be controlled and that any unexpected or undesirable event can be avoided. But it should help to think in terms of alternative scenarios and contingency plans, thus contributing to improving the flexibility and adaptability of higher education institutions to respond rapidly to changing conditions and demands.

Experts have recently advocated a contingency approach to planning for education projects sponsored by international development organizations and bilateral aid agencies. Contingency planning would go beyond traditional analy-

vantage in terms of increased chances in the labor market is canceled out. This is how the phenomenon known as "diploma disease" has developed.

ses of the financial, economic and technical dimensions of projects by taking into consideration the management requirements for a smooth implementation of innovative education projects in an uncertain environment. In the case of higher education reforms, focusing on the appropriateness of the managerial arrangements is important but not sufficient. What is really needed is an *impact assessment approach* reflecting the nature of higher education reforms and innovations which, by essence, challenge established practices and vested interests. □

The term higher education is used in this paper as a generic expression to designate various types of formal post-secondary education institutions that train middle- and high-level professional personnel in degree, diploma and certificate granting programs. Instead of relying on a narrow notion restricted to traditional universities and colleges, it seems more appropriate to have a wider view reflecting the growing complexity and diversity of modern higher education systems.

The views presented in this paper are the author's own. They should not be attributed in any manner to the World Bank, to members of its Board of Executive Directors, or the countries they represent.

Jamil Salmi is a Moroccan citizen who was a professor at the National Institute of Educational Planning in Morocco before joining the World Bank in 1986.

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P.O. Box 745
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