

Privatization of Education

Within the Asian and Pacific region, as in other parts of the world, shifts in the ownership, management and control of education institutions may be observed. In some cases this involves an increased role for governments; but in other cases it involves a reduced role. The latter is more common than the former. This is partly because the balance has shifted so markedly toward public ownership, management, and control during the last few decades, and the pendulum has begun to swing back.

The few places where the government is playing an increased role include settings where the private sector has been dominant and is considered to need regulation and/or support. Macau, China is one such place, though it is idiosyncratic in its long legacy of government neglect and *laissez faire* attitudes toward the private sector (Adamson and Li 1999). Neighboring Hong Kong, China had a much more prominent role for the Government throughout the 20th century, but has also witnessed increased government support for and regulation of the private sector through its direct subsidy scheme for secondary

schools and through subsidies and training for private kindergartens (Government of Hong Kong 1997a, 1997b).

More common, however, have been shifts toward privatization of education. An official ADB document has stated that "Support for the private sector in DMCs is an important part of ADB's operational policy in achieving its strategic objectives" (ADB 1997a, 8). This general philosophy may be appropriate in the economic sphere. In education, however, the role of the private sector is controversial.

Models for Privatization

Privatization, by definition, is a process – an “-ization” – rather than a state; and, as indicated above, the countries of the Asian and Pacific region display a wide range of starting points. The term may also encompass a wide array of models. In some systems, privatization has arisen as a result of deliberate policy; but in others, it is the result of unplanned change. Four major models may be identified as follows (Bray 1998):

- *Transfer of ownership of public schools.* Deliberate transfer of ownership (and, by implication, control) of existing public schools to private hands is perhaps the most striking form of privatization. Such a move is especially radical when it involves a shift from not-for-profit to commercial operation, though this type of change is rare.
- *Shifting sectoral balance without redesignating existing institutions.* This form of privatization occurs through a more evolutionary shift in the balance of types of institution. Thus, the number and size of government schools might be held constant, but the number and size of parallel private schools might be permitted or encouraged to increase. Alternatively, the government sector might expand, but the private sector might expand more. Or the government sector might contract, but the private sector might not contract so much, might remain constant, or might expand.
- *Increased government funding and support for private schools.* Governments may strengthen the private sector by giving financial and other support to private schools. Some governments are experimenting with systems of vouchers, in which families can choose to send children to private schools but meet some or all the costs from a financial allocation earmarked by the government.
- *Increased private financing and/or control of government schools.* In this form of privatization, schools remain nominally under government ownership but the proportion of finance and/or control by nongovernment sources is increased. Governments in some countries have experienced a severe fiscal crisis, and parents and communities have had to increase financial contributions to their schools in order to bridge gaps. In other countries, governments' financial health has remained strong but for ideological and other reasons the authorities have required school principals to be more responsive to the market

place. These are forms of privatization within the government system.

In some countries, the majority of private schools are elite alternatives to public schools. However, in other settings the majority of private schools may be "second-chance" institutions for individuals who have failed to gain places in public schools. Such private schools are commonly more expensive for the students and their parents, but this is not always the case.

Effects of Privatization

Privatization of course has many effects – economic, social, and political as well as educational. The full range of effects cannot be addressed here, though they are examined in other parts of the literature (e.g., James 1993; Cummings and Riddell 1994; Bray 1998; Kitaev 1999). From an economic perspective, a question of major interest is whether privatization is able to increase the efficiency of education systems. Most of the evidence on this matter appears positive, but more research is needed before statements can be completely firm.

Research on this topic has been conducted by Jimenez and colleagues on Colombia, Dominican Republic, Philippines, Tanzania and Thailand (Jimenez et al. 1991; Lockheed and Jimenez 1994). The findings of these studies, which focused on selected core academic subjects in secondary education, are summarized in Table 23. The researchers took care to control for the home background of students and for other effects, though the studies excluded household and other noninstitutional inputs, such as supplementary books, additional tutoring, and endowments. These inputs may be particularly high for

Table 23: Cost-Effectiveness of Private Secondary Schools, Selected Countries, Early 1980s

<i>Country</i>	<i>Indicator of achievement</i>	<i>Ratio of private to public cost</i>	<i>Relative advantage^a</i>	<i>Ratio of relative cost to effectiveness</i>
Colombia	Average mathematics and verbal	0.69	1.13	0.61
Dominican Republic	Mathematics O-Type ^b	0.65	1.31	0.50
	Mathematics F-Type ^b	1.46	1.47	0.99
Philippines	Mathematics	0.83	1.00	0.83
	English	0.83	1.18	0.70
	Pilipino	0.83	1.02	0.81
Tanzania	Average mathematics and verbal	0.69	1.16	0.59
Thailand	Mathematics	0.39	2.63	0.17

^a Proportional gain in achievement score if a randomly selected student, with the characteristics of the average public school student, attends a private rather than public school, holding constant that student's background.

^b F-type schools are authorized to give Ministry of Education examinations. O-type schools are not so authorized.

Source: Lockheed and Jimenez 1994, 7, 9.

private schools, and could therefore be important to the comparison. Nevertheless, on the data that were available, the studies suggested that private schools generally achieved better results at lower costs, and as such were more cost effective than public schools.

However, one study in India seemed to contradict these findings. It focused on primary school mathematics and reading in Tamil Nadu, and indicated that fully private schools were the least cost effective. Government-aided schools were the most cost effective, and fully government schools were intermediate (Bashir 1994, 264; 1997, 153). In contrast, another Indian study on both primary and secondary schools in Uttar Pradesh, produced findings more in line with those of Jimenez and colleagues. The magnitude of findings diverged considerably for junior and senior secondary schools; but in both types of institution private unaided schools were shown to be considerably more cost effective than aided and government schools (Kingdon 1994, 233).

To explain the differences in effectiveness, most authors highlight the importance of management practices. Lockheed and Jimenez (1994, 15) showed that head teachers in private schools generally have more control over school-level decisions that can affect student achievement. This includes selection of teachers, adaptation of the curriculum, improvement of instructional practice, and choice of textbooks. To identify cost factors, Lockheed and Jimenez conducted a small follow-up survey to their main research, in which they paired elite and nonelite private and public schools in each of the countries. This survey did not show dramatic differences in the resources and physical facilities in the pairs of schools, but the private schools appeared to use these inputs more cost effectively.

Several studies have also observed that private schools are less constrained by the conditions of service and accompanying salaries that are mandatory in the public service. In India, for example, many private schools hire teachers with lower qualifications who are less costly but not necessarily less effective than their counterparts in the public schools (Kingdon 1994, 175). Cost-saving patterns are also evident in Japan, where many private schools employ (i) teachers who have retired from the public sector, (ii) women who have been unable to secure career-track positions in large companies or the civil service, and (iii) part-time staff (James and Benjamin 1988, 101).

However, while the research seems on balance to show that private schools are more cost effective than public ones, most researchers still underline the need for caution. Riddell (1993), following careful review of the work not only by Jimenez and colleagues but also by other researchers, stressed (p.384) that "there is no overwhelming conclusion regarding the [cost-effectiveness] advantages of private schools over public schools, notwithstanding statements to the contrary."

Moreover, as noted by Lockheed and Jimenez (1994, 18), the fact that particular samples of private schools might appear more efficient than comparable samples of public schools is not necessarily in itself a strong argument for privatization. First, full-scale privatization would by definition remove some of the advantages which the private schools currently exploit: for example, there would not be enough retired teachers and people seeking part-

time jobs for every school to gain efficiencies to the extent that were previously demonstrated when only a few institutions were seeking such personnel. Second, some management practices can be improved within the public sector: head teachers can be given greater freedom to manage resources and adapt curricula, without their schools necessarily being privatized.

It is also important to address the argument that the existence of private schools helps to improve the efficiency of public institutions. Presenting this argument in one country, a World Bank report (1993b, 193-4) has stated that:

A mixed system of government and private schools will not only reduce the financial burden on public resources, thereby freeing up the education budget to address teacher salary shortfalls, maintenance needs, and other operational improvements, but it will also improve the productivity and quality of public education, as government schools compete with private schools.

Such an outcome is far from generalizable or certain. Much depends on whether private and public schools really do compete, and on the ways in which managers of public schools respond to such competition. In most settings, private and public schools serve different markets. Elite private schools do not compete even with ordinary public schools, because most people cannot afford the fees; alternative-curriculum private schools do not compete with mainstream-curriculum public schools, because most people do not want the alternative curriculum; and second-chance private schools do not compete with the public sector, because the students in those private schools would rather be in public ones.

The operation and impact of voucher schemes are also related to this discussion. Many models for voucher schemes have been proposed (Hakim et al. 1994; West 1997), and the reform in Chile, where families have been given the opportunity to use public resources to pay for places in private schools, is among the best-known examples of the practice (Espínola 1994; Rounds Parry 1997; Carnoy 1998). The Chilean reform increased choice and permitted reduction of unit costs in the education system. However, information on the characteristics of different schools did not flow easily to parents, and urban families had greater choice than rural ones. Key factors in the Chilean reform were a setting which did not permit political opposition, and a capacity at both central and municipal levels to make accurate counts of students and to impose effective penalties for inaccurate reporting. West (1997, 100) points out that cross-national experience with voucher schemes remains limited and that it is too early to reach firm general conclusions on their advantages and disadvantages. Nevertheless, policymakers in Asia as much as in other parts of the world may certainly find various models of voucher schemes worth consideration.

Private Tutoring – A Sector Deserving Particular Scrutiny

The scale, modes of operation, and implications of supplementary private

tutoring have been seriously neglected both in policy debates and in the academic literature (Bray 1999b). In some countries such tutoring is a massive enterprise. For example:

- A Sri Lankan survey found that in Colombo, 60 percent of Ordinary Level students and 84 percent of Advanced Level students received private tutoring (de Silva 1994, 4).
- In the Republic of Korea, private tutoring consumed 37.4 percent of out-of-school education expenditures in 1994 (Paik 1995, 24), far exceeding the proportions devoted to books (19.3 percent), stationery (7.4 percent), transportation (6.4 percent), or uniforms, boarding, and other expenses (29.5 percent).
- A 1992 survey of urban parts of Bangladesh found that 65 percent of pupils in government primary schools received private tutoring, which consumed 43 percent of the direct private costs of education for the total number of parents in the sample (World Bank 1996, 53).

Private tutoring has also been shown to be a substantial activity in parts of Cambodia (ADB 1996a; Bray 1999a), Malaysia (Marimuthu et al. 1991), Myanmar (Gibson 1992), and Singapore (George 1992).

While more research is needed on the topic, some points are clear:

- Private tutoring is a major sphere of activity, not only in prosperous countries but also in impoverished ones.
- Private tutoring is growing. In societies such as Hong Kong, China and Singapore where it has long roots, it is expanding, while in countries where it was not previously evident, such as the PRC and Viet Nam, it has emerged.
- Private tutoring is found at all levels, but is especially common in the years in which students take public examinations, both primary (where relevant) and secondary.
- The organizational structures for private tutoring are varied. Some tutoring is individualized and takes place in either the clients' or the tutors' homes. At the other end of the scale are institutions that operate from many campuses. Some enterprises even operate on an international basis. Kumon, which is a company specializing in mathematics tutoring and is headquartered in Japan, is an example.
- The quality of private tutoring is very varied. In few societies do governments set (let alone enforce) regulations on teacher qualifications, class size, etc. Much tutoring is of the "cramming" type, with very questionable pedagogical characteristics.
- Private tutoring may be found in both rural and urban areas, though it is more common in the latter than in the former.

It is far from certain that the unfettered growth of private tutoring, which has become a feature of many societies, is desirable. Governments should at least monitor the scale and nature of private tutoring, so that they are aware not only

of its impact on household budgets but also of its implications for the quality and effectiveness of mainstream schooling. Private tutoring is an instrument for maintaining or increasing social and geographic inequalities. While it presumably gives good private rates of return to the individual clients, it is not self-evidently an activity deserving encouragement.