

# Improving government universities: Insights from reforms in similar sectors

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**UNIVERSITY EDUCATION IS A SERVICE  
INDUSTRY, AMENABLE TO ECONOMIC ANALYSIS**

# Claims for exclusion

- Noble calling; demeaned by economic analysis
  - Not so. If healthcare industry can be subject to economic analysis . .
- Services are given away for free, thus outside economics
  - Not so. If Google and Facebook are seen as within scope of economics . . .
- “Buyers” have to actively participate to learn
  - Active participation found in other services too
- Higher education is a right, not a commodity
- Equity and social mobility

# Universal Declaration of Human Rights, Art. 26(1)

- Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.



# Equity has been better served in sectors with user fees

- 90.2 % of households used electric lighting in 2012-13 (approaching 100 % now)
- 87.5 % of households had a phone, with 30.3 % having both fixed and mobile
- 13.8 % of urban inhabitants used private outpatient care in past 12 months, compared to 12.2% using government outpatient services; 15% private v 17.4% govt countrywide
- Only 12.5% of Sri Lankans had GCE(AL) and above qualifications; 27.9% had GCE(OL) and above

**FIRST, WE MUST IDENTIFY PRODUCTS**

- Principal product is credential
- Skills and education are secondary products

# A thought experiment

- What would happen if final exams are cancelled after three or four years of great learning and students, parents and government that paid the bills are told that no degrees will be awarded since the students have completed an extraordinary learning experience that cannot be reduced to a bland certificate.
- Now try the opposite: puerile education for three or four years, but a nice shiny degree certificate.
- Which one will create controversy?

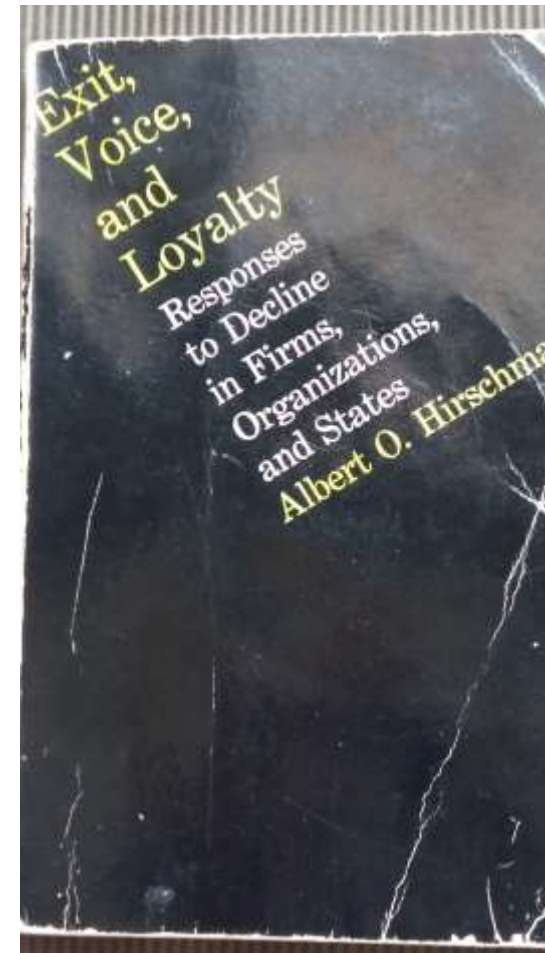


**QUALITY**

- Quality of . . .
  - Principal product cannot be said to be unacceptable, because it guarantees a pensionable government job even for an arts degree
  - Secondary products may be poor
    - Rankings
  
- Another way to measure quality
  - Good test (equivalent of US NRC survey: simple question posed to graduate admissions chairs re undergrad quality)
    - Do the elite send their children to government universities?
    - Do government-university teachers send their children to government universities?

# Responses to decline in organizations

- “ . . . A situation where the combination of exit and voice was particularly noxious for any recovery: exit did not have its usual attention-focusing effect because the loss of revenue was not a matter of utmost gravity for management, while voice did not work as long as the most aroused and therefore the potentially most vocal customers were the first ones to abandon . . . ”



# LESSONS

# External pressure necessary

- Competition
  - In the case of telecom, direct
  - In case of healthcare, indirect pressure
- Alternative suppliers exist in HE, but no mechanisms exist for pressure to be communicated
  - Credentials need reform
  - HE accounts would help

# Internal reforms also required, if govt supplier is to be saved

- Sector performance improved in all cases
- Without organizational reform, Indian & Bangladeshi government telcos atrophied; with reforms, especially Japanese management, Sri Lanka Telecom prospered

# If healthcare model extended to HE . . .

- Basic compensation package would be
  - Government + private teaching for many
  - Less teaching and mostly research for a few at government universities; and
  - Just the teaching for the mediocre at government universities
- Would innovation flow to government universities? Or would their decline accelerate?
- Will government universities atrophy? Or will they, with taxpayer funds, crowd out private suppliers?

# Where are government universities situated in the spiral of decline?

- If elite abandonment is at advanced stage, likely outcome is survival as a niche service that provides “poor-quality” social mobility services to those with no other options
- Unlikely telecom model will be replicated
- More likely HE will follow the healthcare model, wherein government supply will co-exist with in-country and out-of-country competitive suppliers



- *It doesn't matter if a cat is black or white, so long as it catches mice.*

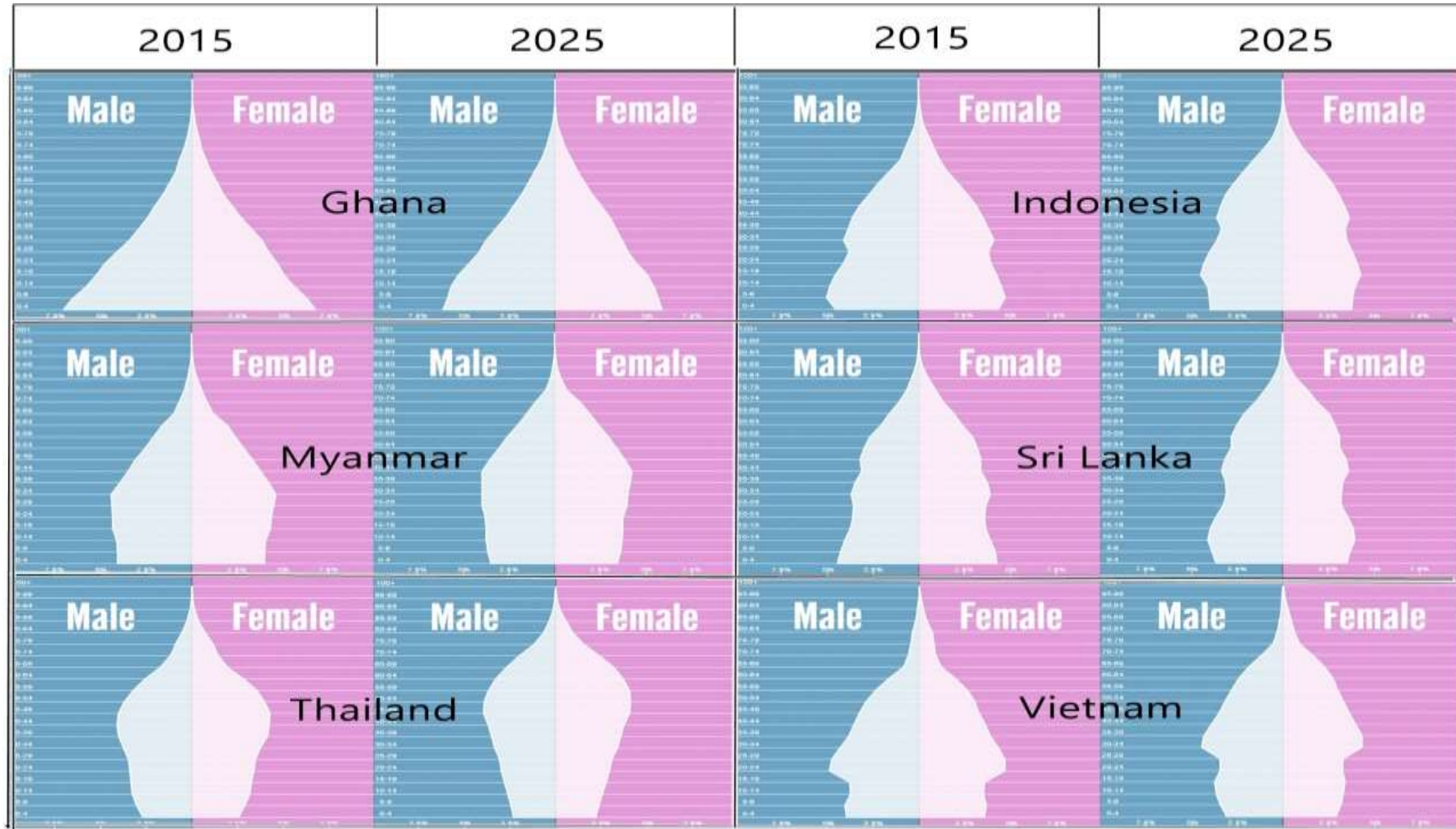


Deng Xiaoping, 1904-1997 17

# Comparative indicators

	Ghana	Indonesia	Myanmar	Sri Lanka	Thailand	Vietnam
Population ('000s)	27,043 (2014)	252,165 (2014)	51,486 (2014)	20,675 (2014)	65,982 (2010)	90,729 (2014)
GDP per capita- current USD (2014)	1,103	2,955	1,249	3,608	5,665	1,931
Poverty headcount ratio (%)	-	16.2 (2011)	-	-	0.3 (2010)	2.4 (2012)
Urban population (%)	50.9 (2010)	53 (2014)	30 (2014)	18.2 (2012)	49 (2014)	29.6 (2009)
Males to 100 females	95.2 (2010)	101.2 (2010)	93 (2014)	93.8 (2012)	96.2 (2010)	97.7 (2009)
Dependency ratio	79.5 (2015)	51 (2014)	52.5 (2014)	60.2 (2012)	47.3 (2010)	41.3 (2009)

# Population pyramids



Source: [www.populationpyramid.org](http://www.populationpyramid.org)

	<b>Ghana</b>	<b>Indonesia</b>	<b>Myanmar</b>	<b>Sri Lanka</b>	<b>Thailand</b>	<b>Vietnam</b>
Literacy rate (%)	65 (2010)	95.9 (2014)	89.5 (2014)	95.7 (2012)	98.2 (2010)	94.7 (2014)
Secondary School Enrolment (%)	67 (2014)	83 (2013)	50 (2010)	99 (2014)	86 (2013)	-
Tertiary School Enrolment (%)	14 (2013)	32 (2012)	13 (2012)	19 (2013)	51 (2013)	25 (2013)
Unemployment (%)	5.2 (2014)	6.3 (2014)	4.0 (2014)	4.7 (2015)	0.18 (2015)	2.3 (2015)
Youth unemployment rate (%)	6.4 (2014)	21.6 (2013)	9.9 (2013)	21.7 (2015)	0.95 (2015)	6.6 (2015)

Thailand's unemployment rate: below 1% since 2011

Large gap between unemployment and youth unemployment rates in Indonesia and Sri Lanka