The Rise of Private Higher Education in Australia: Maintaining Quality Outcomes and Future Challenges

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Abstract
The last decade has heralded a boom in private higher education. In 2000, only 0.3% (2450) of total higher education enrolments in Australia was in private higher education across six institutions. By 2007, enrolments had increased to 5% (53060) of total higher education enrolments in Australia. The number of private higher education providers has also increased exponentially: from six in 2000 to approximately 150 in 2007 (DEEWR, 2008). Based on this trend it is predicted that by 2020 private higher education in Australia will contribute approximately thirty percent of total higher education enrolments in Australia. The catalyst for this growth is arguably the opportunity for individuals to enrol in a diverse array of specialist programs offered by niche providers, coupled with access to the higher education loan scheme (FEE-HELP). This increased choice and the promotion of a level playing field by Commonwealth policy will undoubtedly create significant competition between private providers, universities and Technical and Further Education (TAFE) colleges.

The paper commences by exploring, in detail, the factors contributing to the burgeoning rise of private higher education in Australia. It will outline the distinguishing features of private higher education providers, highlighting the diverse student choice on offer. The quality experience provided by one private provider will be profiled, reporting on the student experience via the use of key performance indicators using a case study methodology.

In conclusion the paper critiques some of the key challenges facing private higher education institutions in Australia and the implications for maintaining quality outcomes and academic standards.

Keywords: private higher education, quality outcomes and academic standards.

Introduction
The current Australian university sector consists of 37 public, three private and one overseas university. It is perhaps not widely known that the higher education sector also includes 150 private higher education providers (DEEWR, 2008) which offer and confer qualifications at all levels in the Australian Qualifications Framework (AQF). All these qualifications hold equal legal and recognition levels equivalent to that of university degrees. Private higher education is a burgeoning sector in Australia, growing from six providers in 2000 to approximately 150 providers in 2007. There is no doubt that private higher education in Australia will continue to rise as a result of the introduction of FEE-HELP and Commonwealth government policy which encourages a level playing field. The introduction of VET FEE-HELP in the Australian Vocational Education and Training (VET) sector is also testament to the fact that policy initiatives are encouraging diversity of providers and student choice. Such developments were anticipated by a number of observers in late the 1990s, including management guru Peter Drucker who suggested that within 30 years traditional universities would disappear, outcompeted by new forms and entities of higher education provision.
External drivers such as the massification of higher education, student choice, unmet demand, student movement, publicly available information on university rankings and the introduction of the quality movement are some of the many factors that have played a key role in the rise of private higher education in Australia. Table 1 outlines four key factors that have contributed to the rise of private higher education in Australia.

Table 1: Factors Contributing to the Rise of Private Higher Education

<table>
<thead>
<tr>
<th>Government Policies</th>
<th>Public Universities</th>
<th>Private Providers</th>
<th>Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Protocols 2000 and revisions 2007</td>
<td>Decreased funding</td>
<td>Small, agile and nimble</td>
<td>Increased student choice</td>
</tr>
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<td></td>
<td>Focus on high scoring students</td>
<td>Distinctive feature</td>
<td>Diverse student groups</td>
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<td></td>
<td>Focus on internationalisation and other sources of income</td>
<td>Small class size</td>
<td>Demand for quality education</td>
</tr>
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<td>Introduction of FEE-HELP</td>
<td>Bureaucratic structures</td>
<td>Engaged learning</td>
<td>Value for money</td>
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<td></td>
<td>Decline in student satisfaction</td>
<td>Discipline oriented</td>
<td>The student experience</td>
</tr>
<tr>
<td>AUQA audits to prove quality</td>
<td>Students seen as student rather than a customer</td>
<td>Strong links with industry/employers</td>
<td>Labour market trends</td>
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<tr>
<td>Decreased government funding of universities</td>
<td>Increased class size</td>
<td>Flexible</td>
<td>Specific needs (e.g. religious education)</td>
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<td></td>
<td>Increased student-staff ratio</td>
<td>Corporate business culture</td>
<td>Gen Y, less brand conscious</td>
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<td>Migration policies</td>
<td>Limited resources and infrastructure</td>
<td>Marketing and advertising</td>
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<td></td>
<td></td>
<td>Strong quality and improvement culture</td>
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<td>Customer oriented strategic plan</td>
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<td>Self reliant</td>
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Overseas research conducted on the growth of private higher education correlates with that of the Australian experience. According to Mok (2009), private higher education in China enjoyed over 1.4 million students (10.4%) of total higher education enrolments across 1300 private higher education providers in 2004. In Korea, 85.1% of all colleges and universities are private (Lee, 2008). Similar figures emanate from India which has an annual output of close to 2.5 million graduates from close to 20,000 private colleges (Agarwal, 2006). Research by Tilak (2008) shows that the pattern of growth in higher education in India is towards private universities and private colleges with public universities and colleges experiencing slow growth.

A study by Oketch (2009) of three East African countries (Kenya, Tanzania and Uganda) showed rapid growth of private higher education. Similar growth was also experienced in the United States of America with 702,000 (4.2%) of total higher education enrolments in 2003 (Lee, 2008). Similarly research in Malaysia has found 666 private higher education institutions with 232,069 student enrolments in 2001 (Saeed & Sohail, 2003). According to Jalowiecki (2001), private higher education in Poland is more
responsive to the demands of the economy and tends to operate more efficiently. Studies by Galbraith (2003), in countries such as Poland and Romania where private higher education is almost one third of students enrolled concluded that private institutions were better able to meet the higher education needs of the society.

In Australia, Walker (1988) has contended that five myths we still perpetuated in the private higher education sector of Australia. Firstly, it was new, secondly it was foreign to the Western academic tradition, thirdly it would not make demands on public funds, fourth it would prove elitist and thus be available only to the wealthy or the ‘privileged’ and fifth, private higher education would result in a more effective and more efficient public tertiary sector.

The Bradley review of higher education appeared to dispel many of Walker’s myths. Released in late 2008, the report on the review of higher education in Australia intimated that private higher education was a significant contributor to the sector. The report also shows that student satisfaction on the national Course Experience Questionnaire (CEQ) of public universities has declined between 1996 to 2007, particularly in the four scales which includes good teaching, appropriate workload, clear goals and learning community (DEEWR, 2008). The literature is also unanimous in suggesting that there is a rapid growth and concurrent demand for private higher education in a range of contexts. The findings also align with some of the key factors contributing to growth outlined in table 1. It therefore warrants further research on the contributing factors leading to the rise of private higher education in Australia.

**Distinguishing Features of Private Higher Education**

The distinguishing features of private higher education providers are arguably centred around their uniqueness in being able to attract diverse student groups and being able to work closely with industry and employers. The second aim of the paper is to outline the distinguishing features of one private higher education provider (Think: Colleges) using widely accepted performance data to prove how it provides a unique student experience.

**Engaged Learning**

A number of studies have demonstrated that course design and the inclusion of work integrated learning into the curriculum engages students in productive learning and improves retention (Scott, 2005; ACER, 2008). Research also suggests that students who have undertaken placements and practicum while studying are work ready and are well trained to meet the changing needs of industry and professions. More than 60% of Think: Colleges higher education courses have formal internships and practicum components embedded into the curricula. The engaged learning philosophy ensures that students gain the employment skills that are essential for the smooth transition from education to employment.

**Quality of Teachers**

Various surveys conducted with commencing students have demonstrated that the top reasons for choosing to study with Think: Colleges is the quality of teachers. For example, the recent Student Satisfaction Survey in 2009 showed that the first factor influencing student choice was quality of teachers with a mean score of 4.05 on a five point scale. Most lecturers are engaged in casual capacities and occupy senior positions in corporate organisations. Academics drawn from industry with up to date knowledge of industry and teaching skills have been a contributing factor to high student satisfaction in this area.

**Small Class Size**

Small class sizes have been the contributing factor to improved student engagement with lecturers and their peers. The average staff-student ratio at Think: Colleges is 17:1. The small class sizes have also enabled improved consultation between the students and the lecturer.
Range of Support Services and Teaching Infrastructure

With only 4500 students, Think: Colleges provides a range of quality student support services to accommodate the diverse needs of its students. Some of the services provided include learning and academic skills, English language courses for academic purpose, student administration, counselling, international student support, library, careers and alumni and prayer rooms. The unique feature of the student support services is their close proximity on campus. This approach allows visibility of support services to all students. Each college has access to well equipped and modern classrooms with teaching facilities tailored to each discipline.

High Student Satisfaction

Primary research pertaining to private higher education has traditionally concentrated on the reasons for its growth and the subsequent success/failure of various ventures. There is an apparent dearth of knowledge surrounding the level of student satisfaction in private higher education compared to public universities. Over the last few years there has been a growing interest by private higher education institutions to participate in the national CEQ for external benchmarking opportunities.

Think: Colleges measures student satisfaction at three levels: overall, course level and teacher/subject level experience. The recent Student Satisfaction Survey result for 2009 shows that the mean overall satisfaction score was 3.54 on a five point scale.

An analysis of the publicly available CEQ data of all participating higher education institutions in 2007 demonstrated that the explicit satisfaction (i.e. percentage marking 4 and 5) on the overall satisfaction item (Overall, I was satisfied with the quality of this course) ranks private higher education among the top ten institutions. Further analysis suggests that five out of six participating private higher education institutions are located within the top ten, with two private universities and only three public universities. Further benchmarking using the CEQ data on three core scales (Good Teaching, Generic Skills and Overall Satisfaction) with 2008 CEQ data shows that it is performing 10% higher than the 2007 sector average score on two scales. This result indicates that in the area of good teaching and overall satisfaction, private higher education providers performed significantly higher than public universities based on the experience of one college. Figure 1 provides the benchmarked result of this data.

![Figure 1: Explicit Satisfaction on CEQ Core Scales – Think Colleges and the Sector](image_url)
undertaken at the end of each study period. The results show a very high student satisfaction of both the subject and lecturer for 2008. Publicly available data from the University of Technology, Sydney (UTS) on a similar line item at university level show that Think: Colleges performs well above the public university. Figure 2 depicts the subject and lecturer survey results on two items benchmarked with the University of Technology, Sydney.

![Benchmarking Subject and Lecturer Survey](source: UTS Student Feedback Survey (SFS) data from UTS website: 12 June 2009.

**Figure 2: Benchmarking Subject and Lecturer Survey**

**Graduate Outcomes**

One of the distinguishing features of the private provider is the high graduate employment rate which is a key performance indicator used to judge the quality of an institution. The 2008 Australian Graduate Survey (AGS) result for Think: Colleges shows that the percentage of students in full time employment after completing the course was 76% compared to the sector (71%). The median salary of Think: Colleges graduate is similar to those of universities.

Despite the encouraging results of this preliminary desktop study, it is important for private higher education providers such as Think: Colleges not to be complacent. There is a significant amount to be done if private higher education is to increase its profile and remain competitive in a quality conscious market. The following section discusses a range of future challenges facing the sector.

**Future Challenges in Maintaining Quality Outcomes and Academic Standards**

The rise of private higher education in Australia has implications for quality assurance approaches and the ongoing maintenance of academic standards. While the private sector has experienced rapid growth and will continue to grow, there appears to be lack of systematic planning by State and Federal governments and inconsistent regulation of private higher education in Australia.

A recent media article promulgated by a prominent Vice Chancellor expressed concerns around the lack of government planning and/or consistent regulation of private higher education (Coaldrake, 2009). In November 2004, the Australian newspaper reported that the offshore component of Australian private higher education was an area of risk and needed to be monitored. The National Union of Students recently argued that students have many concerns relating to courses and a teaching mismatch between marketing and advertisement (*The Australian*, 2008).

According to Mok (2009), quality issues surrounding private higher have resulted in student protests in China about excessive student fees, quality of teaching, status of the degree being offered and a mismatch between promises and the reality after graduation. The Polish experience also shows that private higher education may have negative impacts including low standards of teaching, institutions focusing on
maximising profits with many institution experiencing serious staff shortages and a narrow focus on institutional governance (Jalowiecki, 2001).

Thematic analysis of the AUQA audit reports covering eight private higher education providers up until early June 2009 has identified some recurring recommendations which include institutional governance, integrated strategic planning and quality management, mechanisms for tracking and improving performance, student admissions and enrolments, consistency in policy implementation, student assessments, recognition of prior learning, workforce development issues and adequacy of resourcing based on the growth of the institution.

The following discussions highlight the key issues and future challenges facing the private higher education sector in Australia and the implications for not maintaining quality outcomes and academic standards.

Institutional Governance

Almost all private higher education providers commenced operations with low student numbers and presence in one State or Territory. As the demand for education grew, private higher education enrolments grew with some providers offering courses in multiple States or Territories and offshore. The growth of some institutions has not taken into account the need for effective governance and there has been a lack of clarity surrounding the role and responsibilities of the academic board and its standing committees. In some cases there seemed to be confusion in the role and responsibility of the board of directors and the academic board.

Culture of Compliance rather than Improvement

Most private higher education providers commenced operating as vocational education and training colleges. Changes in higher education policy have enabled interested private vocational providers to seek non self accrediting status in order to offer higher education courses. As vocational providers, all institutions are subject to Australian Quality Training Framework (AQTF) audits conducted by State or Territory governments. Pre 2007 AQTF audits were focussed primarily on compliance and it is evident that the culture of compliance still exists in private colleges. While compliance with external regulatory requirements is important, it is evident that there is real need to ensure that quality management and improvement remains sustainable and it is used for the purpose of long term improvement rather than short term compliance requirements.

Strategic Planning and Resourcing

Strategic planning processes in private higher education are different from that of public universities. In public universities, the planning process is based on a wide consultation; evidence based approach using data and assessment of the internal and external environment. In universities the strategic plan outlines some of the common priorities such as: learning and teaching, research, engagement, internationalisation, human resources, equity and resourcing and infrastructure needs. In the case of private higher education providers, the strategic plan is developed by the college executive or in some cases by the owner(s) of the college with minimal consultation and communication with other stakeholders. In many colleges the key priority includes growth of the institution. While private higher education has grown rapidly, there appears to be a lack of planning in the area of resourcing to align with key growth objectives.

Key areas which enhance student engagement and retention is of concern including: availability of full time academics for student consultation, resourcing of the library, adequacy of computers, academic skills and support in learning, counselling and other enabling support services.

Monitoring Key Performance Indicators (KPIs)

The systematic monitoring of KPIs is an area where significant improvement is required across the sector. KPIs in private colleges are generally only available to the executives and key staff. To monitor the performance of the strategic plan, KPIs need to include key performance areas such as: course demand,
enrolments, retention, progression, completions, student satisfaction, graduate outcomes, staff qualifications, staff-student ratios and student satisfaction of the subject and teaching. The use of KPIs at organisational and faculty level would help the academic board, each faculty and other areas to identify areas of good practice and areas where improvement is needed.

**Benchmarking**

The analysis of 39 university AUQA cycle one audit reports shows that benchmarking is an area where improvement is needed. Universities have recognised that benchmarking with peers and international partners is important to improve on key strategic areas. While the sector is operating in a highly competitive environment, it is important for private providers to work collaboratively in areas of mutual benefit. In some private institutions, colleges have started benchmarking performance data on national CEQ and GDS, however more work needs to be done in the area of performance and process benchmarking.

**Planning for Learning and Teaching**

The core business of a private higher education provider is learning and teaching. It is evident that planning for learning and teaching is lacking at an institutional level as more emphasis has been placed on growth. Academic planning or planning for learning and teaching is important to ensure inputs (course design, teachers, resourcing), processes (teaching methods, assessments and student engagement) results in positive outcomes (high retention, student satisfaction, employability and others).

**Student Assessments**

Student assessment in higher education in Australia has been identified as an area needing significant improvement. Various studies undertaken by Scott (2005) analysed 280,000 open ended comments written by students on the CEQ survey in 14 Australian universities. Some of the key areas needing improvement include: benchmarking assessments with universities, assessment moderation, clarity of assessment tasks, marking criteria, timely and constructive feedback and the use of different assessment methods.

**Recognition of Prior Learning (RPL)**

Given the history of many private higher education providers operating in the vocational education space, recognition of prior learning practices appear to be entrenched in the competency based environment. In some cases students are assessed based on work experience, preparation of portfolios and other evidence. There seem to be a lack of a consistent approach to RPL and appropriate guidelines to assess students based on previous learning and work experience.

**Staff Professional Development**

A number of lecturers in private higher education teach in both vocational and higher education courses. The methodological approaches to assessment for vocational courses versus higher education courses differ significantly on a range of levels. Challenges surround the provision of professional development of lecturers in the following areas is important: learning and teaching methods, student engagement and retention, improving teaching and learning outcomes, student assessments, academic policies and procedures and other organisational related information.

**Conclusion**

There is no doubt the private higher education will grow and compete fiercely with universities. A recent announcement by the Australian government to encourage an extra 300,000 people to attend university by 2025 will also boost participation in private higher education. The private higher education sector will also increase enrolments for overseas students and it will diversity student choice within the sector. While universities have experienced decreased funding and resourcing issues, private higher education will need to make strategic investments in teaching and learning infrastructure, including technology based learning to enhance the student experience which has declined in public universities.
The key question for private higher education providers is the extent to which government policy will support and regulate the sector to maintain equivalent academic standards comparable to universities. While the current labour government has a very ambitious plan for education (education revolution) to meet the demand of employers, industry and address skills shortages and most importantly improving access, participation and retention of the disadvantaged group. It is yet to be seen how the government will support private higher education to meet the increased demand of stakeholders in the current economic environment.

References


