

# **The Private Sector in Higher Education in the Baltic States and Belarus: Permanent Feature or Transition Phenomenon?**

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## Non-technical summary

This paper offers an account of the newly emerged private higher education sector in the Baltic states and Belarus.

The aim of this paper is specifically to examine:

- Why the higher education private sector emerged in these countries?
- Why the private sector has grown?
- What are the characteristics of the private sector in each country?
- Why the private sector has developed differently in the four countries?
- How does the private sector compete with the public sector?
- What are the future prospects of the private sector?

Hypotheses for the emergence, persistence and growth of the private sector include:

- A quality gap at the top end of the quality spectrum, thereby creating an incentive for the emergence of elite institutions.
- Human capital gaps.
- Physical capital gaps that affect quality (study facilities, libraries, computers).
- A quantity gap at the bottom end. Constraints on the funding of public institutions limits access to higher education creating an incentive to offer 'demand-absorbing' institutions and programmes for students unable to gain access to mainstream institutions.
- Gaps in public sector opportunities for particular ethnic or religious groups.
- Adaptability gaps: for some highly marketable skills, eg information technologies, the private sector is faster to adapt and offer suitable programmes.

To answer the questions raised and check the hypotheses data on all private higher education institutions in the four countries were collected and 5-6 institutions in each country are selected for detailed interviews. In addition, an interview with a ministry of education official in each country was undertaken.

Main findings are:

- Adaptability gaps are identified in all countries – a) the public sector was too slow to respond to changes in demand, b) in Estonia and Latvia the private sector is better at offering short courses, courses for particular individuals with particular needs etc.
- No quality gaps are identified.
- A quantity gap is clearly identified in Belarus.

- Human capital gaps are identified especially in Estonia and Latvia – persons with “professional” background, entrepreneurs/practitioners are in high demand in the private sector but are not supplied in the more “professor-oriented” public sector.
- Large Russian-speaking minorities give rise to an ethnicity gap in Estonia and Latvia whereas religious training is important in all bar Lithuania.

Additionally:

- No particular pattern of competition with the public sector appears but consolidation will take place due to the unfavourable demographic shifts.
- In Belarus there is a ‘perverse’ equilibrium with the private sector taking the weakest students and charging lower fees than the public sector
- In Latvia and Estonia the private sector is there to stay. The private sector in Lithuania is relatively small mainly due to a hostile attitude by the government but should remain. In Belarus, the future is entirely a political issue.