Marketization, Privatization, and Declining Demographics:
Their Impact on Polish Higher Education

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Abstract: The article discusses the increasing marketization and privatization processes in Polish higher education which have been taking place over the last 20 years. This has been spurred on by the dramatic growth of the private sector, the changing relationships between the public and private sectors, and long-term impacts of this relationship on academic norms and codes of behavior. The article considers the Central European private sector institutions as (OECD) “independent private” type of private higher education, generally inexistnt in Western Europe. Further, expansion, marketization and privatization are discussed as dominating features of higher education transformation, as well as the future impact of declining demographics on the private sector. Finally, negative consequences of the laissez-faire creation of the private sector in the 1990s Poland and its parasitic relationship to public universities are examined.

Keywords: Public Higher Education, Private Higher Education, Poland, Eastern Europe, Privatization.

Introduction

This article discusses the past two decades of increasing marketization and privatization processes in Polish higher education. In particular, it focuses on the dramatic growth of the private sector, its relationships with the public sector, and its long-term impact on academic norms and codes of behavior leading to the gradual devalorization of the research mission of public universities, accompanied by increased focus on teaching in both sectors. In the second section, the article focuses on public/private differences, and in particular on the Central European private sector as an Organization for Economic Co-operation and Development (OECD) “independent private” type of private higher education, generally nonexistent in Western Europe. The third section focuses on expansion, marketization, and privatization as dominating features of higher education transformations and on the possible impact of declining demographics on the future of the private sector. The fourth section argues that the laissez-faire form in which the private sector appeared in Poland in the 1990s has far-reaching negative consequences for the research mission of public universities with which private institutions have remained in parasitic relationships. Finally, conclusions are drawn and directions for further research are given.

“Independent Private” Higher Education in Central Europe

The demand-absorbing growth of private higher education (Levy 1986) can be viewed as a major differentiating factor both among post-communist Central European higher education systems and, generally, between Central Europe as a whole and Western Europe. What OECD statistics call “independent private” tertiary education (that is, fee-based) is, in Europe, only a very specific phenomenon of Central Europe: Poland has the biggest private higher education sector in Europe, both in terms of enrollments (580,000 students in 2010) and in terms of the share of the sector (31.5 percent in 2010, falling in the last few
The private sector phenomenal growth resulted from a combination of several factors: huge social demand following the transition from a centrally planned to a market economy in which the wage premium for higher education became much higher than under communism; the policy focus on the massification of higher education and a laissez-faire quality assurance policies in the 1990s; and, a huge supply of competing private providers, with their staff drawn from public institutions (multiple-employment) and with competitive, reasonable prices. Higher education became both an accessible and affordable product after decades of a strict *numerus clausus* policy in the communist period. Apart from Poland, the highest enrollments in private higher education in post-communist Europe are in Romania, Bulgaria, Latvia, and Estonia, and in Western Europe only in one country, Portugal (OECD 2011). The emergence of private higher education in the region has been “sudden, shocking, and unplanned” and the leap in enrollments in the sector was “meteoric” as Daniel C. Levy put it (2007, see Scott 2007a, 2007b; Slantcheva and Levy 2007). Both degrees from the new sector and the sector itself were looked at by policymakers and societies at large with suspicions, and were treated as inferior (for at least a decade). The private sector is still trying to gain social prestige and to be treated as a partner equal to the public sector. Private institutions in Poland are no exception.

Empirical studies, especially those based on large-scale European datasets (e.g., EU-SILC: “European Union Survey on Income and Living Conditions,” see Instytut Badań Edukacyjnych [IBE] 2011; Kwiek 2013), tend to show that Poland clearly witnessed a decrease in inequality of access to higher education in the last twenty years. Poland is one of those systems in the region which successfully combines access with equity, with some long-term systemic disadvantages, such as the deinstitutionalization of the research mission in top Polish universities caused by their continuous focus on additional paid teaching, as seen through bibliometric analyses (Kwiek 2012a). In Poland, the widening access agenda was not accompanied by system differentiation: all public sector institutions were regarded as similar in terms of funding, governance, missions, and social roles. The continuous teaching-focus (clearly at the expense of the research-focus) of potentially research-intensive universities, fuelled by low public funding per student and low research funding per academic, may be leading Polish higher education away from, in Philip G. Altbach’s (2007) terms, (academic) “center” to the (academic) “peripheries.” While research is being done mostly in the academic “center,” “peripheries,” from a global comparative perspective, focus on the teaching function in their universities. In the knowledge economy, all national higher education systems in Europe need research-intensive institutions contributing to the growth of national economies.

In terms of access, Polish public universities are certainly not a “closed shop of the middle classes” or “gatekeepers to the elite” as Andy Furlong and Fred Cartmel (2009, p. 17) argue about the UK universities, although the precise data on the social composition of the student body in top universities, and especially in most lucrative study areas in top universities, are still fragmentary. Nevertheless, in practice, the situation of graduates is not different from what Philip Brown and Anthony Hesketh (2004) conclude about the UK: “the ‘best’ companies want to recruit the ‘best’ people who are most likely to attend the ‘best’ universities, because they are the hardest to enter” (p. 11). The Polish higher education system is far more open to social mobility than several of the largest Western European traditional systems such as the French, German, English, or Spanish systems, as recent large-scale Eurostudent survey (Orr, Gwosć and Netz 2011) confirms on the bases of intergenerational social mobility data. This can be attributed historically to the communist period and practically to the two decades of the existence of easily accessible and relatively affordable private higher education, combined with the legal opportunity for Polish academic staff to be holding multiple employments. Also, top Polish public universities, from a European comparative perspective, are relatively open to students from disadvantaged social and economic classes, both in their first track (tax-based), and, especially, in their second (fee-based, part-time) track.
At the same time, in contrast with such European countries as Belgium, the Netherlands, and Norway where OECD’s state-subsidized “government-dependent private sector” exists, in Poland, there is limited blurring of “traditional boundaries and understandings of the public and private spheres in higher education” (Enders and Jongbloed 2007, p. 9). In Western Europe where “independent private” higher education does not exist, generally the public/private split is becoming increasingly complicated, and it is increasingly more difficult to define what “privateness” and “publicness” of higher education means from the perspectives of ownership, financing, and governance. In Poland, in contrast, so far the split is clear-cut. The boundaries are not changing from the above perspectives: public funding for the private sector is marginal. In 2010 it was between 0.9 and 4.7 percent for research, depending on the category, and 1.9 percent for teaching, through state budget subsidies (GUS 2011). Private sector institutions have private founders and owners. Private funding through fees of the public sector is substantial but decreasing in the last decade and expected to be further decreasing for demographic reasons, reaching 13.7 percent of public universities’ operating budgets (550 million EUR) in 2010 (GUS 2011). Management and governance models are different and clearly defined: while public institutions are still following collegial models, private institutions are following business-like managerial models. In terms of who makes decisions in educational institutions, who owns them and who pays for educational and research services, the blurring of the public/private distinction is not taking place in the Polish system. Thus the terms “public” and “private” have still well-defined senses in the Polish context, as opposed to their European (see Enders and Jongbloed 2007) and American contexts (see Geiger 2007; Morphew and Eckel 2009).

**Expansion, Marketization, and Privatization**

Higher education systems under communism were closed and elitist. The massification processes did not start in the region before the 1990s and therefore, compared with most Western European countries, transition countries were clearly laggards. In Poland, the number of students increased from about 400,000 in 1989 to about two million in 2006 (and then decreased to 1.841 million in 2010), and the share of an economically active population with higher education credentials has also increased substantially from 15.36 percent in 2003 to almost 25 percent in 2009 (GUS 2010, 2011). All of this while maintaining one of the highest earnings premiums from higher education in the OECD area throughout the period of expansion, together with other the post-communist countries of Hungary, Slovenia, the Czech Republic, and the Slovak Republic, in the first four ranks in Europe (OECD 2011). A massive expansion of the higher education system has increased the gross enrollment rate in Poland in the last two decades from 12.9 percent in 1990 to 53.8 percent in 2010. The number of graduates in 2010 (479,000) was about 20 percent higher than the number of all students in 1989 (about 404,000) (GUS 2011). A unique factor of the processes of massification is that the expansion of higher education systems in several countries in the region (Poland, Romania, and Bulgaria in particular) was strongly linked to the privatization of higher education in its two forms: the expansion of the private sector, and the expansion of part-time, fee-based studies in the nominally free public sector (or what I have termed elsewhere the “external” and “internal” privatization of higher education; see Kwiek 2009).

The key factor determining a substantial increase in equitable access to Polish higher education documented for the 2000s was the liberal attitude of the state and its agencies toward the emergent private sector back in the 1990s. The dramatic growth, followed by consolidation, of that sector was substantial owing to the “policy of non-policy” (Kwiek 2012c). As Clive Belfield and Henry Levin (2002) put it, “The first factor to explain privatization in education is simple: many parents want it” (p. 29). Indeed, Polish students (and their parents), for a variety of reasons, wanted higher education after decades of restricted access to it under communism. The result was a phenomenal numerical growth of enrollments in the private sector: 500 students in 1991, 70,400 in 1995; 472,300 in 2000, and 620,800 in 2005. The growth of the sector slowed down, but continued,
until 2008 when, for the first time in its short history of two decades, a sharp decrease in enrollments took place, followed by decreases in the next years of about 14 percent: 660,500 in 2007, 659,400 in 2008, 633,100 in 2009, and 580,100 in 2010 (GUS 2011). For mostly demographic reasons, the total number of students in Poland reached the ceiling of about 2 million in 2005, and then gradual decreases in enrollments in the public sector took place. In 2006, for the first time ever, enrollments in both public and private sectors decreased, reaching 1,941 million, and decreases continued, with 1,841 million students in 2010 (GUS 2011).

According to several consistent enrollment scenarios based on national statistical data (such as Vincent-Lancrin 2008; Instytut Sokratesa 2011; and IBE 2011), enrollments in Poland in 2025 are expected to fall to 55-65 percent of the 2005 levels (or dwindle by about 0.9 million students). In Western Europe, only Spain and Germany can expect numerical decreases of more than 200,000 students by 2025 (Vincent-Lancrin 2008). The growth of private higher education in the region did not necessarily mean “better” services, or “different” services, it meant most of all “more” higher education. As Jürgen Enders and Ben Jongbloed (2007, p. 20) argue,

the third, and most prominent driver of recent growth in private provision consists of institutions that provide more higher education and absorb demand that is not met by public providers…. Usually, governments lack the resources or the responsiveness to fund a massive expansion of the public higher education sector.

The expansion of the Polish system was made possible by its growing “external” and “internal” privatization, a dual phenomenon that opened higher education in the 1990s to market forces from which it had been isolated for several decades. The state encouraged cost-sharing in both sectors so that the burden of the massification process to the public purse could be lower. Hundreds of thousands of students gained access to higher education, and alongside elite public universities, there appeared private institutions that had the ability to absorb the demand from new student populations. New entrants to higher education came increasingly from lower socio-economic classes, and they entered mostly lower, bachelors-degree study programs in “open access” private sector and easily accessible fee-based part-time studies in the public sector. Although public sector institutions continued their previous policy of being nominally free, they began in the 1990s to offer fee-based part-time studies, open to those who had not been able to obtain a full-time slot. In the past two decades, the number of such fee-paying students increased more than four times, from 90,200 in 1990 to 276,300 in 1995 to 410,000 in 2010 (GUS 1991, 2011). The expansion of the system through this dual form of privatization has fundamentally changed access to higher education. As Christopher C. Morphew and Peter D. Eckel (2009) put it recently, “access and affordability are primary factors in discussing privatization. Closely linked to these ideas are the questions, who pays, how much, and why” (p. 183; see also Johnstone and Marcucci 2010). An important factor leading to the success of the private sector was a large number of private providers. Academically weak, and generally unable to compete with public sector institutions in research activities or for public research funding, private providers emerged in numbers (146 in 1997, 195 in 2000, 252 in 2002, 315 in 2005, and 328 in 2010) which made the price competition between them unavoidable and which made attending higher education relatively affordable for lower socio-economic classes. About 90 percent of private institutions are currently demand-absorbing, with no aspirations to be research-focused knowledge producers; about 10 percent of them could be termed “semi-elite,” both with some research aspirations and trying to compete with top public universities in selected study areas (see Levy 2011 on the distinction). The growth of the private sector in Poland has not been a geographically isolated educational phenomenon, though. There is a powerful global trend of growing enrollments in the private sector, with about a third of all students attending it (see Levy 2006; Kinser et al. 2010). For the most part, European Union countries play a marginal role in this growing trend, although exceptions include Poland.
To a large extent, unlike in Western Europe, the expansion in Central Europe was self-financed by students through privatization and cost-sharing mechanisms. But there are significant limitations to growth through privatization. The limitations include: graduates’ concerns about the quality of studies; the response of the labor market to the processes of widening access (in Poland, interestingly, there is increasingly positive labor market response to private sector graduates as viewed through employers’ surveys); the continuous devalorization of the research mission of top public universities, especially in the social sciences, humanities, and economics, viewed through the proxy of their low research productivity; and, the unwillingness on the part of major university stakeholders (both the state, students, and the academic community) to reform public educational institutions until the mid-2000s. Surprisingly, until recently, the impact of the international discourse on the knowledge economy, closely linking universities and economic growth, was weak. Major university funding and governance reforms occurred in 2009-2011 changing the rules of the game (Polish Ministry of Science and Higher Education 2011): research funding became linked to research achievements at all levels, from individual academics to institutions; the academic career ladder seems to have been simplified; and, two independent national funding councils were opened to disburse public research funding through competitive research grants. While under communism, only top metropolitan universities were involved in research. Under the pressures of massification of higher education in the 1990s, these top universities became divided institutions with different academic norms and attitudes in “hard” and “soft” disciplines towards, and different levels of involvement in, private higher education (Kwiek 2012a; Kwiek and Maassen 2012).

Global trends show that even in the contexts of wholesale public sector reforms worldwide and the general financial fragility of institutions and systems (Johnstone 2009), radical further expansion can be financed by various forms of privatization. Central and Eastern European countries have experienced significant expansion. In Poland, Romania, and Bulgaria, the role of the private sector in higher education expansion in 1990-2010 was absolutely crucial, as was the role of privatizing the public sector services in general, far beyond mere higher education. It needs to be stressed, following Levy (2008, p. 13), that it is impossible to understand contemporary expansion, including its size and contours and policy dimensions, without knowledge about both [public and private] sectors. It is also important to analyze dynamics between the sectors. What effects does a kind of access through one sector have on the other sector.

The future of private higher education institutions in Poland depends to a large extent on both the future of public institutions and on powerful demographic trends. That is, it depends on politics and demographics (Kwiek 2012b, 2013). With the new “Law on Higher Education” of March 2011 (Polish Ministry of Science and Higher Education 2011), studying full-time in the public sector remains free (or tax-based), and the economic future of the private sector remains fundamentally uncertain. Today demographics seem to be changing everything. Politics may be called to intervene in the public-private dynamics. The fee-based expansion of the private sector seems to be over as the result of the combination of two factors: the tax-based expansion of the public sector, and the demographic decline. Consequently, private higher education has been desperately looking for survival strategies in the face of declining student numbers expected for the next ten years. Current OECD demographic projections for Poland show that in 2022 the number of students will be 55-60 percent of the 2008 level: the annual number of all candidates for studies may drop from about 490,000 in 2008 to about 260,000 in 2022 (Vincent-Lancrin 2008). What is going to happen to the fee-based private sector if all candidates could potentially be accommodated by the tax-funded public sector? How do private universities recruit students to a sector which still has relatively low social legitimacy and in which studies have to be paid for, rather than to the traditionally free (tax-based) and more prestigious public sector?
Recent policy proposals publicly announced during the work on the national strategy for higher education in Poland, and incorporated in an Ernst and Young (2010) strategy, include large-scale public bids for teaching services, open to both public and private sectors. The basic idea is that the (vaguely expressed) inter-sectoral, public-private “competition” should be maintained, leading to “better services,” which is a Polish variation of the new global public management idea of “doing more with less.” In fact, it is an avenue to help a large part of the private sector survive in a future for which unprecedented demographic declines are projected. An avenue to increase the “financial self-reliance” of Polish universities—the introduction of universal fees in the public sector (the “fees for all” idea)—may also be viewed as a support mechanism to let the private sector survive in difficult demographic times. Still another policy option is the public subsidization of all full-time students (17 percent in 2010) in the private sector. After the introduction of fees (though of unknown levels) for all students in the public sector, the major current difference between the two sectors for students (fees paid by full-time students in the private sector only) would be blurred, which is one of Enders and Jongbloed’s (2007) dimensions of changing public-private dynamics in Europe.

The question of the future of private higher education in the region is much larger. As Peter Scott (2007b) asks, are higher education systems in the region “trendsetters” for Europe (providing models for other systems), or is the significance of private institutions in this part of Europe “a passing phase attributable to the special circumstances surrounding the transition from communist to post-communist regimes” (p. 309)? No final answers are possible today. Both demographics and politics will play their substantial roles in the next decade. The only relevant Western European reference point is Portugal, with its steady decline in enrollments in the private sector, which is currently seeking “strategies for survival” (see Teixeira and Amaral 2007). The role of demographics is predictable, but the role of politics is not.

Private Growth and the Research Mission of Top Public Universities

One of the fundamental consequences of the large-scale phenomenon of the growth of the private sector in the 1990s was a limited academic pressure on reforming public universities, including a limited pressure on increasing impoverishing salaries and increasing research funding. The unwritten pact between politicians and academics was that salaries were low but holding multiple (sometimes more than two) posts in both public and private sectors would be tolerated, as in the two subsequent 1990 and 2005 laws on higher education (Polish Ministry of Science and Higher Education 1990, 2005). Throughout the 1990s and 2000s, the number of full-time (especially senior) academics in the private sector was very limited: in 2010, the number of academics working in the private sector as their “main workplace” (a legal term from Polish Ministry of Science and Higher Education 2005) was only 503, out of 17,100. In the category of “professors,” out of 6,052 only 358 were employed as in their main workplace, which shows the scale of the multiple-employment phenomenon in the Polish public sector (GUS 2011). The pact between major university stakeholders was gradually popularized in society at large, with long-lasting consequences and a resulting, publicly expressed shock of academics in the last few years when discussions about restricting this option of receiving additional outside salaries was started. For a period of almost two decades, rules were different, and academic moonlighting was perfectly legal. Consequently, in that period, Polish universities were redefined institutions, with consequences for their mission (e.g., the denigration of research as a university mission in top research-focused universities), public funding (lower than potentially could have been) and (decreasing) social prestige.

A single phenomenon with most far-reaching consequences for public institutions in 1990-2010 and arguably beyond was the form in which the private sector was allowed to appear and grow (on inter-sectoral public-private parasitic relationships, see Levy 1986 and Breneman 2006). In particular, the private sector (until
today) has been fully based on public higher education academics, working in both sectors. The denigration of traditional academic norms and acceptance of new academic codes of behavior have led to the phenomenal growth of the private sector on the one hand but, on the other, to the unprecedented decline in performance of the public sector, especially in terms of its gradually losing research aspirations, particularly in “soft” disciplines (Kwiek 2012a). Consequently, due to the lack of pressures on increasing public funding for university research, the internal and external privatization (and multiple-employment of the faculty) has led to lost research opportunities for Polish higher education in general.

Institutional and systemic consequences of the laissez-faire higher education policies of the 1990s and beyond, including the emergence and boom of the private sector based on its parasitic relations with the public sector (e.g., its academic staff coming from the public sector and teaching full-time in both sectors) are still holding public institutions in their grips. The private sector brought about the massification of higher education and opened the system to new social strata; at the same time, the accompanying long-term costs, especially for top public universities, only emerge to be seen. Due to declining demographics in Poland, the biggest private higher education system in Europe is heavily dependent in its survival on a change in higher education financing, namely, the introduction of universal fees in its competing public sector. It is possible that only the introduction of universal fees in the public sector could safeguard the economic future of the private sector. Public subsidization of full-time students in the private sector would not help: in 2010, there were only slightly below 100,000 full-time students in the private sector (or merely 17 percent). Even if all full-time students in the private sector were publicly supported, the remaining 83 percent of private sector students, who are part-time, would not be.

**Conclusions and Further Research**

After two decades, the potential for demand-absorbing growth in both public and private sectors in Poland has exhausted itself and the negative implications of demographics are beginning to be felt. Poland is one of the fastest aging societies in Europe (OECD 2008), and the decline in enrollments in the next decade will hit the private sector, the fee-based rather than tax-based sector, hardest. It is too early to argue whether the private sector growth was indeed setting a trend or was merely a passing phase of development from a larger, European comparative perspective. There are too many variables in force right now. Demographic processes are relatively predictable but politics (as a major force defining educational policy) is not. Further research would include the assessment of research capacities of public universities and the scope of the impact of the past denigration of the research mission in Polish universities, the study of the “survival of the fittest”/institutional adaptation processes among resilient private institutions negatively hit by demographic trends, and the study of the impact of a new wave of reforms (2009-2011) on both institutions and public/private sectors, both referred comparatively to Central and Western Europe and incorporated into an emergent wider picture of the European integration of higher education. Polish higher education is expected now to be in an as dynamic period as the early 1990s when market forces were released for the first time.

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