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**The Public/Private Dynamics in Polish Higher Education.
Demand-Absorbing Private Sector Growth
and Its Implications**

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The Public/Private Dynamics in Polish Higher Education. Demand-Absorbing Private Sector Growth and Its Implications

1. Introduction

The paper links several interrelated processes in Central and Eastern European higher education: expansion through two types of privatization (external: new private providers, and internal, public universities charging fees in a nominally free public sector), severe fiscal constraints limiting further tax-based growth of higher education, and gradual denigration of the research mission of universities caused by almost two decades of their continuous focus on their teaching mission and by general underfunding of university research in the region.¹ Long-term consequences of the unprecedented growth of the private sector in Poland in 1989-2010 are studied, with special emphasis on the consequences of accompanying processes of deinstitutionalization taking place in public universities: decreasing role of traditional academic institutional rules and norms and traditional institutional patterns of academic behavior in Polish universities. A new wave of reforms (2008-2010) is discussed, possibly leading to revised rules, norms and patterns of institutional behavior. Poland, with 33 percent of student enrolments in the private sector in 2009 (out of 1.9 million students), provides a unique case to study the two decades of demand-absorbing growth of private higher education with all its advantages and, as mostly discussed in the present paper, limitations (for advantages, see Kwiek 2007b, 2008c). The overall context of the paper is the emphasis on further expansion of higher education in Europe argued for by both knowledge economy theories and (repeatedly) by the European Commission policy documents, wishing to close the enrolment gap between the European Union and the USA. Finally, the paper presents conclusions and directions for further research. Experimenting with privatization in higher education, substantially increasing access to it in the last ten to fifteen years, were especially strong in Central European systems, Poland being the biggest system in the region and the most notable example. New “public-private dynamics” (Enders and Jongbloed 2007) emerges

¹ The paper will be published in Marek Kwiek and Peter Maassen (eds.), *National Higher Education Reforms in a European Context: Comparative Reflections on Poland and Norway*, Frankfurt and New York: Peter Lang, 2011.

in Europe and the paper focuses on those systems which have used privatization processes for the expansion of their higher education in the context of increasingly competitive public funding for all public services generally, not only for higher education (and focuses on Poland in particular). Especially, it intends to study the long-term consequences of the expansion through privatization for the system as a whole and for the public sector institutions.

2. “Independent private” higher education as a Central European specialty

The demand-absorbing growth of private higher education (wave III of private growth, different from wave I, Catholic, and wave II, elite, analyzed for Latin America by pioneering work of Levy: “a non-elite response to the failure of the public sector to meet the growing demand for higher education. ... *public failure* in the loose sense of avoiding tasks”, see Levy 1986: 59ff.) can be viewed as a major differentiating factor both among Central European higher education systems and, generally, between Central Europe as a whole and Western Europe. What OECD statistics call “independent private” tertiary education is, in Europe, only a very specific phenomenon of Central Europe: among OECD economies, in tertiary-type A category in 2007, Poland had 32.3 percent (comparable only to a single Western European country, Portugal, with 25 percent), the EU-19 average being 7.3 percent. Apart from Poland, the highest enrolments in private higher education in Europe are in Romania, Bulgaria, Latvia and Estonia; Czech Republic, Slovak Republic and Hungary with enrollment levels of 6-9.9 percent (OECD 2009: 306) are exceptions to the general rule that higher education growth in transition countries could be achieved mostly through the growth of demand-absorbing private higher education.

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 a global leading figure in private higher education research, Daniel C. Levy, put it (Levy 2007: 280, see Levy 2008, Slantcheva and Levy, 2007, Scott 2007a, 2007b). The growth of the sector has led to severe legitimacy concerns, though, and it was

comparatively *easy*, fueled by sudden political and economic change, and because enrollments had been remarkably low. ... This suggests a contrast between growth (as well as other successes) and conventional social legitimacy: contextual conditions may

facilitate new institutional growth and achievement even while much of the public, including the higher education establishment, casts a wary eye (Levy 2007: 280).

Private higher education is still trying to gain social legitimacy – but after two decades of its existence in the region, the overall conclusion is that its social legitimacy is still a long-term goal.

By comparison, private higher education in other parts of Europe, for instance in Nordic Europe, is exclusively state-subsidized “government-dependent private sector” (and is not studied within European or global research into private higher education, being a “mixed” type, see PROPHE research project coordinated by Daniel C. Levy, Wells et al. 2007); enrolments in “independent private” tertiary education (type-A) in the Nordic countries are 0 percent in all 4 Nordic countries and have marginal value at the type-B level only in Denmark, at 0.6 percent OECD 2009: 306). It is marginal except for such systems as Spain and Italy where it is small (about 10 percent), and the only comparative point of reference for regional systems is Portugal (steadily declining but still about 25 percent).

The growth of private higher education raises important equity, affordability and access issues. The standard questions globally asked to its demand-absorbing type are the following: access of whom, access to what, and on what financial conditions, i.e. the social composition of its student body, the quality of the private sector, and cost-recovery mechanisms in force in the system (fees, loans, and generally financial assistance to students in the private sector).

Empirical studies show that Poland clearly witnessed the decrease in inequality of access to higher education in the last twenty years (as opposed to the increase in inequality in the Czech Republic, perhaps owing to relative lack of affordable private higher education there, as well as potentially in other regional systems, see Mateju et al. 2007, and generally Shavit et al. 2007). Poland is one of those systems in the region which successfully combine access with equity, with some systemic disadvantages (for instance, the denigration of the research mission of Polish universities, and their increasing focus on paid teaching in the last two decades – which inevitably leads to their weak research visibility and low research productivity). The general question is whether the widening access agenda without the system differentiation agenda is leading to increasingly teaching-focused higher education systems, as in Poland today? Is the increasing teaching-focus of higher education, fuelled by low public

funding per student and low research funding per academic, as well as uncompetitive academic salaries compared with other professionals, leading Central European systems, Poland in the forefront, away from the (academic) center to the (academic) peripheries (see Altbach 2007)? Probably Central European countries are still in the (relative, loosely understood) academic center (for instance, Poland still ranks in the global top 20 in terms of research output in four areas: chemistry, mathematics, physics and astronomy) – but there has been, and still is, a danger of its falling into academic peripheries, should the financial austerity and some variant of “misery for all” policy in higher education (non-competitive, equal distribution of research funding to all eligible academic units, regardless of their research productivity) continue. Recent EU research funding policies (such as the emergence of the ERC funding model) can potentially contribute to further East/West divide, the amount of ERC grants won by researchers from the region being in the range of a statistical error.

Polish public universities are certainly not a “closed shop of the middle classes” or “gatekeepers to the elite” (Furlong and Cartmel 2009: 17), although precise data on the social composition of the student body in top universities, and especially in most lucrative study areas in top universities, are fragmentary. Nevertheless, in practice, the situation of graduates is not different from what Brown and Hesketh 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” (Brown and Hesketh 2004: 11). Polish higher education system is far more open to social mobility than several largest Western European traditional systems such as e.g. French, German, English or Spanish systems (which historically can be attributed to the communist period and practically – to two decades of existence of easily accessible and relatively affordable private higher education, combined with the legal opportunity of holding multiple employment for Polish academic staff). 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, compared with other European countries where (OECD’s) state-subsidized “government-dependent private sector” exists, the extent to which “traditional boundaries and understandings of the public and private spheres in higher education have become blurred” (Enders and Jongbloed 2007: 9) is very limited. While in Europe generally the public/private split is becoming increasingly complicated (and it is increasingly more

complicated what “privateness” and “publicness” of higher education means from the perspectives of ownership, financing, and governance), in Poland so far the split is clear-cut. The boundaries are not changing from the above perspectives: public funding for the private sector is marginal (and in 2009 it was 2.3 percent in research funding and null in teaching funding); private sector institutions have private founders and owners (individuals, associations, or companies); 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 14 percent of public universities operating budgets, or 550 million EUR in 2009), private funding for research in public universities is marginal, reaching 2.4 percent in 2009. Management and governance modes are different and clearly defined: while public institutions are 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 (Enders and Jongbloed 2007) and American contexts (see Morphew and Eckel 2009, Priest and St. John 2006, and Geiger 2007).

3. Expansion of higher education through internal and external privatization

The phenomenal expansion of higher education in new EU member states in the last two decades, following the collapse of communism in 1989, needs to be viewed in the interrelated contexts of the political, economic and social processes leading the whole region towards democratic societies and capitalist economies. Higher education systems under communism were closed and elitist: the massification processes have not started in the region before the 1990s and therefore, compared with most Western European countries, transition countries were clearly laggards. To show the gravity of social mobility enabled by higher education expansion in Poland in a nutshell: the number of students increased from about 400 thousand in 1989 to about 2 million in 2006 (and beyond), and the share of economically active population with higher education has also increased substantially (from 15.36 percent in 2003 to almost 25 percent in 2009), while maintaining one of the globally highest wage premium on higher education throughout the two decades. A massive expansion of higher education system has increased the gross enrollment rate in Poland in the last two decades from 13 percent in 1990 to 51 percent in 2009. The number of graduates in 2010 (440.000) was ten

percent higher than the number of all students in 1989 (about 400.000). What is unique to 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. The theme of privatization in Central Europe seems heavily under-researched, and in particular the systemic consequences of privatization for public sector institutions are neglected in both research and policy studies. The paper is an attempt to draw a larger picture, with further, more detailed research, to follow.

From a wider perspective, the knowledge economy seems increasingly to require (globally) more and more skilled workforce. European higher education systems as a whole are assessed by the European Commission to need a further 50 percent increase in higher education enrolment levels to close the gap with the USA (i.e. an increase from 25 percent to 38 percent, EC 2005: 11). As a recent *Fifth Report on Economics, Social and Territorial Cohesion* stated, the expansion of higher education still does not guarantee reaching the 40 percent target (of the Europe 2020 strategy) of those aged 30-34 with a higher education degree: it is reached in one in six European regions only, and “most others will need to increase greatly the capacity of universities” (EC 2010: xiii). Social cohesion in Europe is believed to rely heavily on further, thoughtful expansion of higher education systems and several Central European countries (and Poland in particular) can offer powerful lessons to the region related to the last two decades of social transformations. Higher education and training is believed to increase labour productivity – but it is also one of the key factors in increasing social cohesion, as well as leading to higher life satisfaction and democratic participation. The European Union is thus viewed as in need of both improving access to higher education and increasing total (public and private) funding in higher education. But, at the same time, European economies are expected to be generally underfunding all their public services in the coming decade(s), including to be continuing to underfund higher education (underfunding being a highly relative concept, especially compared with the USA; see Powell and Hendricks 2009 and Pestieau 2006 for public services; Johnstone and Marcucci 2010, Aghion et al. 2008 for higher education). Transition countries in the 1990s have been experimenting with the privatization of various segments of the welfare state, including both cash benefits (such as old-age pensions) and benefits in kind (such as health care and higher education, Barr 2004: 89-92). The traditional welfare state seems to have been heavily “overburdened” (Spulber 1997) in the region, operating under increasing financial pressures, with huge consequences for tax-based funding for higher education in the future. Privatization in and of higher

education in the region seems to be part and parcel of privatization in and of other public services generally (see Kwiek 2006, 2007a).

Privatization in and of higher education in the region had at least two crucial dimensions: the first was ideological (ideologically accompanying massive privatizations in the economy, as part of the “Washington Consensus” and its three neoliberal guiding principles: stabilization, liberalization, and privatization policies, Orenstein and Haas 2005: 145ff), and the second was financial (severe financial austerity affecting all public sector services). In the 1990s, when privatization in higher education emerged, the financial dimension was certainly more important, and on the policy level it was accompanied by the overall lack of interest of policy makers in social policies generally, in the midst of large-scale economic reforms called rightly in Poland a “shock therapy”. The “Washington Consensus”, as Orenstein points out, “had little to say on the social-sector restructuring that was to become such a large part of postcommunist transformation” (Orenstein 2008: 85). The process of reforming social policies in Central Europe during the postcommunist era turned out to be “much longer and much more difficult than most experts anticipated” (Inglot 2005: 3). The general lack of reformers’ focus on higher education had far-reaching consequences: the policy of non-interference, or leaving reforms for the future (Kwiek 2008c), was dominant.

What D. Bruce Johnstone stressed recently on a global scale was valid already in the 1990s in the region: the crucial role in underfunding of universities is played by what he termed “diverging trajectories of costs and available revenues.” These trajectories are a function of (a) per-student costs, (b) increasing participation, often accompanied by population growth, and (c) the steadily decreasing revenues supplied by the government (Johnstone 2007: 1). One of the implications of the inability (or unwillingness) of the state to fund expansion of its higher education system can be growth in privatization of educational services, and this is what took place on a massive scale in several countries in the region. The two main types of privatization are external privatization (the new, booming private sector) and internal privatization (fee-paying courses offered in the nominally free public sector). If privatization is viewed as a “process or tendency of universities taking on characteristics of, or operational norms associated with, private enterprises” (Johnstone 2007: 1), then the privatization of higher education has been flourishing in several major European transition countries for two decades now. In general terms, privatization is “the transfer of activities, assets, and responsibilities from government/public institutions to private individuals and agencies.

Education can be privatized if students enroll at private schools or if higher education is privately funded” (Belfield & Levin, 2002, p. 19). Poland provides examples of both processes of privatization: increasing private provision and increasing private funding (see Kwiek 2009a). The emergence of powerful market mechanisms in public higher education and the emergence of the private sector in Poland are viewed here as the two different faces of the same process of the privatization of higher education. Both public and private sectors are following the same road (see on the marketization of both sectors, Kwiek 2010).

The key factor determining a substantial increase in equitable access to Polish higher education documented for the decade of 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 “policy of non-policy”. As Belfield and Levin (2002: 29) put it, “The first factor to explain privatization in education is simple: many parents want it”. Indeed, Polish students (and their parents), for a variety of reasons, wanted higher education. The result was phenomenal numerical growth of enrollments in the private sector: 500 students in 1991, 70,400 in 1995; 445,400 in 2000 and 621,000 in 2005. The growth of the sector slowed down but continued until 2009 when, for the first time in its short history of two decades, a sharp decrease in enrollments took place. For mostly demographic reasons, the total number of students in Poland reached the ceiling of about 2 million in 2006 and then gradual decreases in both total numbers and enrollments in the public sector took place. In 2009, for the first time ever, enrollments in both public and private sectors decreased, reaching 1.900 million (633,100 in the private and 1.267 million in the public sector, or 33.3 percent and 66.7 percent respectively, GUS 2010: 57).

Polish higher education market became substantially “deregulated” in the 1990s: the total number of private higher education institutions in Poland in 2009 was 330, and the share of enrollments in private institutions has been growing every year since their appearance until 2009 when it sharply decreased by 10 percent (GUS 2010: 26). Case studies from other European transition countries show a more usual pattern of strict regulations, underscoring Poland’s exceptionality in terms of its liberal atmosphere in the 1990s in allowing increased access to higher education in both sectors through new cost-recovery mechanisms. Also enabling this expansion was the exceptional differentiation of the system which is also rare in most European transition countries where elite institutions seemed to have prevailed. A two-tier degree system (and the private sector focusing mostly on the undergraduate studies,

leading to BA degrees only), new modes of studies (part-time, weekend-modes), and a large vocational education sector have flourished in Poland already in the 1990s. Fostering this growth were equally liberal approaches to quality assurance mechanisms, licensing, and accreditation that encouraged the nascent private sector during its first decade of its operation (1990s). Growing social legitimacy and public recognition of private higher education was another factor, leading to growing acceptance of graduates from the private sector by the labor market, especially in the 2000s.

4. Further expansion of higher education: how to justify it?

The growth of private higher education in the region does not necessarily mean “better” services, or “different” services: it means most of all “more” higher education (to refer to Roger L. Geiger, as Enders and Jongbloed remind – “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”, Enders and Jongbloed 2007: 20). The expansion of the Polish system was made possible by its growing external and internal privatization, dual phenomena that opened higher education to market forces from which it had been isolated for several decades. The state encouraged both forms of cost-sharing in both sectors. Hundreds of thousands of students gained access to higher education, which for the first time began to differentiate sharply by institutional type. Along with elite public universities appeared private institutions that had the ability to absorb the demand from new, differentiated student populations. Although public sector institutions continued their previous policy of being nominally free, they began offering fee-based weekend studies, open to those who had not been able to obtain a full-time slot. The expansion of the system through this dual form of privatization has fundamentally changed access to higher education in Poland. As Morphew and Eckel put it recently in their book on *Privatizing the Public University*, “access and affordability are primary factors in discussing privatization. Closely linked to these ideas are the questions who pays, how much, and why” (Morphew and Eckel 2009: 183, see also Johnstone and Marcucci 2010 on *Who pays? Who should pay?*). An important factor leading to the success of the private sector was a large, and still growing, number of private providers: academically weak, and generally unable to compete with public sector institutions in research activities and for public research funding, private providers emerged in numbers (146 in 1997, 195 in

2000, 252 in 2002, 315 in 2005 – and 330 in 2009) which made the price competition between them unavoidable and which made studies relatively affordable for lower socio-economic classes).

The growth of the private sector in Poland has not been a geographically isolated educational phenomenon. There is a powerful global trend of growing enrollments in the private sector. For the most part, European Union countries play a marginal role in it, although exceptions include Poland, Romania and Bulgaria in the postcommunist region or Portugal in Western Europe. Speaking of the growth of the private sector generally, Daniel C. Levy notes that the 20th-century norm and persisting public norm is state funding of public universities and, overwhelmingly, private sources of funding for private institutions (Levy 2006).

Equitable access and educational expansion become crucial policy terms with which to discuss higher education reforms in Poland in recent years, together with internal differentiation of higher education systems, diversification of funding streams and stratification of student populations. But how further necessary expansion (to refer to the education gap of 50 percent in the EU, compared with the USA, as highlighted by the European Commission) is to be performed in existing organizational, administrative and especially funding arrangements? How to organize, administer and fund further expansion? And how strong, also empirically, is the case for further expansion? In Poland, strong empirical evidence suggests that there is still enough space for expansion as the wage premium on higher education, at both the MA and also, surprisingly, the BA levels, is very high, and not decreasing in time. Higher education is still valuable asset on the labor market, rewarded accordingly (Kwiek and Arnhold 2011). This is the case in emergent economies – and does not have to be the case in developed economies, with such notable exceptions as the USA. In Europe, in general, wage premium on higher education has been stable or slightly decreasing (see, for instance, the Nordic countries in which it is the smallest in the OECD area, as recent OECD data indicate). The European Commission links the need of increasing access to higher education to technological change, globalization and new forms of work organization (EC 2008b: 23). At the same time, OECD analyses stress that there is no evidence in current data suggesting any “crowding-out effects” of lower-educated from higher-educated individuals: “on the contrary, there seems to be positive employment effects for individuals with less education in countries expanding their tertiary education” (Hanssen 2007: 18). There is strong criticism of the higher education/knowledge economy theme,

ferently voiced over the years by, for instance, Phillip Brown and Hugh Lauder who conclude in their “Globalization, Knowledge, and the Myth of the Magnet Economy” that “vast numbers of highly-skilled are available in developing economies, the global expansion of tertiary education has outstripped the demand for high-skilled workers, creating downward pressure on the incomes of skilled workers in developed countries along with some upward pressure on those in emerging economies” (Brown and Lauder 2006, see also Lauder 2006, Brown and Hesketh 2004; the strongest arguments about the growth of the “high-skill, low-wage workforce” in Western economies and the “broken promises of education, jobs, and income, come from Brown, Lauder and Ashton, 2011). Polish empirical data seem to support both arguments, Poland being an emergent economy with very high, and increasing in the last twenty years, wage premium on higher education.

To a large extent, exceptionally in Europe, expansion in Central Europe was self-financed by students through cost-sharing mechanisms. But there are significant limitations to growth through privatization which need to be studied. The limitations, apart from graduates’ concerns about the quality of studies, include also the response – other than viewed through the proxy of the wage premium on higher education – of the labor market to the processes of widening access, the continuous denigration of the research mission of (public) universities viewed through the proxy of low research productivity accompanied by low research funding, and the unwillingness on the part of major university stakeholders (both the state, students, and the academic community) to reform public educational institutions.

The questions are, for instance, whether privatization can be a remedy to attain still higher attainment levels in higher education in those European systems where all traditional, publicly-funded routes of expansion seem structurally difficult to achieve, for mostly financial reasons? If privatization is indeed a remedy to enable further expansion, is it the sort of expansion that European labor markets need? How graduates from these private, (relatively) new segments of higher education are matched to the labor market (seen, for instance, through the proxy of their “job satisfaction”), and how employers view them compared with graduates from public institutions? Are trends affecting governance in public and private higher education institutions isomorphic or divergent? And how internal privatization of public institutions (cost-recovery mechanisms including e.g. cost-sharing in teaching, academic entrepreneurialism in research and third-stream activities, increasing reliance on non-core

non-state income etc.) is transforming their core missions of teaching and research? These are the questions which require further, especially empirical, research.

Global trends show that even in the contexts of wholesale public sector reforms worldwide and general “financial fragility of institutions and systems” (Johnstone 2008), radical further expansion can be financed by various forms of privatization. Central and Eastern European countries have experienced significant expansion: in three of them (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, leading to more widespread social acceptance of privatization processes in general. It needs to be stressed, following Daniel C. Levy, 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” (Levy 2008: 13). In the present paper, we follow mostly negative effects for the public sector.

The overall approach called the Skill-Biased Technological Change approach (see Machin and McNally 2007, Machin 2004) suggests that new technologies that improve the effectiveness of production process are “skill-biased” – higher educated workers are more able to respond to these new technologies than less educated workers. “This non-neutral technological change makes higher educated workers much more attractive for employers and therefore increases the demand for this type of workforce” (EENEE 2008: 6-7). Powerful arguments for further expansion of higher education systems come from OECD research and analyses, most recently from Stephen Machin and Sandra McNally in their OECD study of education systems and labor markets: as they stress, “in no case considered here, can one speak of ‘over-supply’ of tertiary education. The strong, positive and (often) increasing return to tertiary education suggests that ‘under-supply’ is more of an issue and that continued expansion is justified. ... If there were over-supply, relative wages and employment probabilities would fall to the level of their closest substitutes – and that has not happened” (Machin and McNally 2007: 3). That has also not happened in Poland, despite massive expansion.

Labor force in Poland is increasingly better educated, and one of the major factors influencing it has been easily accessible and relatively affordable private higher education. The share of economically active population with higher education has been substantially increasing; in the last 6 years, it has increased from 2.578 million (2003) to 4.306 million (2009), or from 15.35% to almost one quarter (24.7%) of economically active population. This well-educated segment is the only segment of Polish workforce which is increasing substantially (by 1.8 million, or 67% in the last six years), with the segment of workforce with general secondary education increasing only slightly in the same period (by 20%) and all other segments decreasing. Still, the share of workforce with (combined) basic vocational and lower secondary, primary and incomplete primary education is considerable – almost 40% (39% or 6.799 million, 3rd quarter 2009). For both basic vocational and lower secondary education, there were decreases in 2003-2009 (from 5.766 million to 5.200 million, and from 2.210 million to 1.599 million, respectively).

Compared with major Western European economies, Poland's education gap has been substantially decreasing in the last decade, owing to high level of enrollments in higher education. Privatization (both external and internal) played here its critical role: between 2000 and 2009, the number of students was approximately 1.58-1.95 million, and the number of graduates – about 300-400 thousand each year. While the overall level of education of the Polish population as a whole is rising steadily but is still considerably lower than the OECD average, the overall level of education of economically active population is rising much faster. Older generations, with average lower levels of education, are steadily leaving the labor market, reaching the (still lower than in major OECD economies, on average and in practical terms) retirement age. The domination of (combined) labor force with basic vocational and lower secondary, primary and incomplete primary education was still considerable in 2009 – but much smaller than ten years earlier. Every year about 400 thousand higher education graduates enter the labor market which gradually changes the composition of the labor force. The number of higher education graduates is not expected to be higher per year, as the number of students is not expected to be higher (in the last five years, the number of students is staying in the same range of 1.90-1.96 million). It is expected to be lower, and detailed OECD demographic projections assess the number of students in 2022 as going down to about 1.2-1.3 million (OECD 2008c).

Transformations towards a better educated workforce is confirmed on the one hand by the increasing share of employees with higher education in the labor force. On the other hand, these transformations are confirmed by increasing number of professionals in the labor force. Among newly created jobs in 2008, the number of professionals was increasing (to 2.031 million) and the number of workers was decreasing (from 1.791 million to 1.686 million). Generally, there are more new jobs available for professionals than for workers. What is striking, and goes against the conventional knowledge of the economic benefits from higher education, is that Bachelors-level higher education seems to be already well recognized in the labor market, and well rewarded, leading to 133.9% of salaries for Bachelors degree holders generally, and to 149.3% in case of males. The economic benefit for men with Bachelors degree is higher (149.3%) than the economic benefit for women with masters degree (135%). Men are much higher rewarded for their higher education, regardless of the type (Bachelors or Masters) – by 25-30 percentage points.

Poland had one of the highest wage premium on higher education in general in the 2000s (together with Hungary). With the new methodology of private internal rates of return (IRR) used by OECD recently, Poland still ranks very high among OECD economies for rewards from higher education: for males, its is the third best (22.8), following the Czech Republic (the first, with 29.1) and Portugal (23.9). Hungary is fourth, with 19.8. In largest higher education systems, IRRs are below 10 (Germany, France, Spain), with higher levels for the UK (14.3) and the US (11) (OECD 2008a: 196). With still another methodology (private NPV – net present value) OECD used in 2009, Poland is relatively high on the list of OECD economies as well: it was 5th (with the level of 147.000 USD PPP), following only Portugal, Italy, the USA and the Czech Republic, and it is 80 percent more than the average for the 21 economies studied (OECD 2009b). International comparative data for OECD countries do not seem to make a difference between bachelor and master degrees, though.

Most recent data show, perhaps for the first time so clearly, that wage premium on higher education for holders of bachelor (and equivalent, e.g. engineer) degrees in Poland are also substantial, especially for men (for PhD and master degrees, the relationship to the average salary was 141.4% (160% for men and 135% for women), for higher education with bachelor (and engineer) degrees, the relationship was also high - 133.9% (149.3% for men and 119% for women; for post-secondary education, the relationship is 90.2% (91.4% for men and 96% for women). For secondary vocational education, the relationship is 74.7% (75.8 for men and

only 62.2% for women) (GUS 2009a: 64). Thus employment structure statistics and labor force statistics show that (higher) education is still highly valued in the labor market and is still highly rewarded in terms of remuneration. Consequently, the expansion has been welcomed by the Polish labor market, and there are (so far) no signs of its exhaustion.

In view of above mentioned needs for further expansion, European systems in the next decade can be expected to experiment widely with the public-private dynamics of higher education systems, including changes in teaching and research funding, in contractual obligations of the academic staff, blurring boundaries between public sector and private sector organization, administration, management and governance or the changing teaching/research divide between institutions (the 2010 changes in the English higher education seem to be going in this direction, including a dramatic increase in fee levels). This may occur in some countries by increasing the number of private institutions and increasing enrolments in private institutions, in other countries, by changing the legal status of public institutions to that of private (or non-state, opting-out of the public system towards a foundation-based institution, possibly a third category, as in Germany's Saxony, North-Rhine Westphalia and Baden-Wurttemberg or in Sweden) ones. In still other countries, by the introduction or increasing the level of tuition fees, and with accompanying loan programs expected to take precedence over non-repayable scholarships. As Guy Neave remarked in his recent paper on privatization, "the signs [in Europe] are very clear that what began as individual initiatives is on the way to becoming a broader and more general strategy" (Neave 2008: 32).

5. "Global scripts", isomorphic change, and the future of the private sector

One of core areas for a discussion with "global scripts" in thinking about the future of higher education (see Gornitzka and Maassen 2010, Halliday et al. 2010) is the emergence of (independent) private higher education in Central Europe and in no any other parts of Europe. As Meyer et al. put it recently,

Institutional theories, fairly uniquely, predict isomorphism and isomorphic change. This is perhaps the single most important implication arising from institutional theory. If higher education structures, like universities and colleges, reflect common models in national and world environments, they should show unexpected similarities across diverse settings and change in similar ways over time. And by all accounts, the university is indeed a central

historic institution, core to the distinctive trajectory of Western and now world society. ... The empirical literature provides clear evidence on this issue. Educational systems are remarkably similar around the world, and increasingly so over time (Meyer et al. 2007: 193).

The growth of private higher education in Central Europe in general - "private higher education being a Central European phenomenon" (Levy 2006) – and the relative absence of this sector in other parts of Europe – stand in sharp contrast to the above conclusion and need further elaboration (see Levy's rebuttal in "How Private Higher Education's Growth Challenges New Institutionalism" in Meyer and Rowan 2006 as "missing on the empirical side", Levy 2006: 144, see also conclusions in Wells et al. 2007 and Tomusk 2005). The conclusions need to be empirically-based, though, and the two decades of private higher education growth may be too limited time-span to provide adequate empirical evidence. It is possible that the Polish (as well as Bulgarian and Romanian) case will be similar to that of Portugal, witnessing gradual decline of the sector in the last few years. The future of private higher education institutions depends, to a large extent, on both the future of public institutions and on powerful demographic trends which are expected to reduce the annual number of candidates for studies from ca. 490.000 in 2008 to 260.000 in 2022. Even after the expected reforms (and the adoption of the new law) of higher education expected for 2011, studying full-time in the public sector will remain free (or tax-based), leaving the future of the private sector fundamentally uncertain (to put it in a nutshell: even if the fee-based private sector disappears altogether from 2017 onwards, there will still be enough places in the public sector to meet the demand; unless the Polish government is going to reduce public higher education, directly or indirectly, through reduced teaching and/or reduced research funding available). Consequently, even though the private higher education sector in Poland is the biggest in Europe in terms of its size and share of enrollments, it is currently very vulnerable: it will find it increasingly hard to compete with the tax-based public sector (in terms of the quality of education and the diversity of study areas) under demographic pressures.

Most recent (2010-2011) policy proposals in Poland include large-scale public bids for teaching services, open to both public and private sectors. The basic idea behind the ministerial proposal is that what really counts is the (vaguely expressed idea of) inter-sectoral, public-private "competition" which will lead to "better services", which is a Polish variation of a global new public management of idea of "doing more with less". In fact, it is an avenue

to let the (large part of) private sector survive in the future in which unprecedented demographic declines are projected. Certainly, an avenue to increase “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. After the introduction of fees for all students in the public sector, the major current difference between the two sectors (for students) will be blurred (which is one of Enders and Jongbloed’s dimensions of changing public-private dynamics, Enders and Jongbloed 2007).

And the question of the future of private higher education in the region is much larger, and requires more time-span to research into; as Peter Scott notes: 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 postcommunist regimes”, a response to particular political circumstances i.e. an “internal phenomenon” (Scott 2007b: 309)? No final answers are possible today; both demographics and politics will play their substantial roles in the next decade – and the only relevant Western European reference point is Portugal, with its steady decline in enrolments in the 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.

6. Deinstitutionalization in Polish public universities and its long-term consequences

As Paul Pierson reminds (from the perspective of historical institutionalism), “early steps in a process may fundamentally restrict the range of options available at later ones” (Pierson 2004: 133-134), and this may have been precisely the Polish case of higher education expansion. The two decades of growth of private higher education would strongly support the path-dependence model: once the new sector was allowed into the system to introduce competition and increase access, everything else that followed was a mere consequence of this first step. Other options used in other Central European countries, such as gradual growth of enrollments based on gradually increasing capacity of public sector institutions (such as e.g. in the Czech Republic, Slovakia, and Hungary – as opposed to Poland, Romania and Bulgaria), were no longer available once the sector was emerging and Polish academics from

the public sector became eagerly involved in its growth, as its founders, rectors, deans and academics, keeping, at the same time, their posts in the public sector.

Let me refer briefly to interrelated notions used by students of institutional change, particularly by “new” institutional theory in political sciences: institutionalization, deinstitutionalization and reinstitutionalization. In short: for March and Olsen, “an institution is a relatively enduring collection of rules and organized practices, embedded in structures of meaning and resources that are relatively invariant in the face of turnover of individuals and relatively resilient to the idiosyncratic preferences and expectations of individuals and changing external circumstance” (March and Olsen 2006b: 4). Constitutive rules structure institutional behavior: rules prescribe what is appropriate action: “to act appropriately is to proceed according to the institutional practices of a collectivity, based on mutual, and often tacit understanding of what is true, reasonable, natural, right, and good” (March and Olsen 2006a: 690). Basic logic of action is rule-following, and models assuming “logic of appropriateness” are opposed to models assuming “logic of consequentiality”. Institutionalization as a process of organizational arrangements is viewed as including the following three dimensions: increasing clarity and agreement about behavioral rules, increasing consensus concerning how behavioral rules are to be described, explained and justified, and increasing shared conceptions of what are legitimate resources in different settings and who should have access to, or control, common resources (Olsen 2010: 127). Deinstitutionalization implies that

Existing institutional borders, identities, rules and practices, descriptions, explanations, and justifications, and resources and powers are becoming more contested and possibly even discontinued. There is increasing uncertainty, disorientation, and conflict. New actors are mobilized. Outcomes are more uncertain, and it is necessary to use more incentives or coercion to make people follow prescribed rules and to sanction deviance (Olsen 2010: 128).

And reinstitutionalization implies “a transformation from one order into another, constituted on different normative and organizational principles” (Olsen 2010: 128). Deinstitutionalization, as Scott notes, refers to processes by which “institutions weaken and disappear”, as well as to “enfeebled laws”, “diluted sanctions”, “increasing noncompliance”, “eroding norms”, “diminished force of obligatory expectations”, “erosion of cultural beliefs

and the increasing questioning of what was once taken for granted” (Scott 2008: 196). Indicators employed to assess the extent of deinstitutionalization range from “weakening beliefs to abandonment of a set of practices” (Scott 2008: 198). Deinstitutionalization as defined in a seminal study by Christine Oliver on “The Antecedents of Deinstitutionalization”, is “a process by which the legitimacy of an established or institutionalized organizational practice erodes or discontinues. Specifically, deinstitutionalization refers to the delegitimation of an established organizational practice or procedure as a result of organizational challenges to or the failure of organization to reproduce previously legitimated or taken-for-granted organizational actions” (Oliver 1992: 564). Institutionalized organizational practices can “fall into disfavor or disuse” (Oliver 1992: 566). Of the three pressures that can lead to deinstitutionalization (political, functional, and social), the social pressures are most useful for present analyses and come closest to Olsen’s normative-oriented accounts of deinstitutionalization. Social pressures lead members of the organization to discard (some) institutionalized practices and increasing normative fragmentation means a loss of consensus on the “meanings and interpretations that they attach to ongoing organizational tasks and activities” (Oliver 1992: 575). There is increasing “erosion of institutionalized rules through a declining normative consensus and cognitively shared systems of meaning” (Djelic and Quack 2008: 302).

Processes of deinstitutionalization of traditional academic norms, habits and behaviors in the public sector can be linked to the growth of private higher education in Central Europe. It can be argued that traditional rules of (authoritarian, communist) higher education were abandoned and there was no alternative set of rules available following the shock of 1989 (*annus mirabilis*, as Wolf Lepenies called it, see also Kwiek 2003): a normative vacuum appeared in which all sorts of codes of academic behaviors and rules and norms of academic conduct became possible, without the risk for academics of being excluded from the academic community as bound by those codes, rules and norms. The dramatic growth of private higher education in the 1990s was made possible by this type of deinstitutionalization of traditional academic norms and habits in public universities. The price of this process for public universities was very high: the highest price to be paid was the gradual institutional denigration of the research mission, and continuing underfunding of research in universities. Decreasing academic interest in research (academics being involved in paid teaching in both sectors) was accompanied by decreasing research funding available.

In Poland in the 1990s, rules constituting the heart of the institution of the university, for years, were not followed, and this not-following of the rules was not sanctioned in any way: dozens of thousands of academics from public universities, especially those most prestigious, and especially in social sciences and the humanities, were generally neglecting the traditional research mission of their (until then still research-oriented) universities (although heavily dependent on the communist definition of what state funded research was) and were full-time engaged in additional paid teaching in emergent private institutions. The traditional “logic of appropriateness” (March and Olsen 2006a) of the university was not stopping the turning of huge social and academic energy into new terrains (profit-driven, although nominally non-profit private sector), and all sorts of public explanations and justifications were created at an ad-hoc basis. Massive involvement of Polish academics in the development of private higher education, with the cost of gradual denigration of the research mission of their public universities, can be explained from the perspective of the “logic of consequentiality” opposed to the “logic of appropriateness”. The “logic of appropriateness” which was no longer holding assumes that:

action, policy making included, is seen as driven by rules of appropriate or exemplary behavior, organized into institutions. The appropriateness of rules includes both cognitive and normative components. Rules are followed because they are seen as natural, rightful, expected and legitimate. Actors seek to fulfill the obligations encapsulated in a role, an identity, a membership in a political community or group, and the ethos, practices, and expectations of its institutions. Embedded in a social collectivity, they do what they see as appropriate for themselves in a specific type of situation (March and Olsen 2006a: 689).

And the key to understanding the change processes in the 1990s in Polish higher education was the opposed “logic of consequentiality”: actors maximizing their (self-)interest (Olsen 2010: 126). The collapse of communism in general, and the emergence of the private sector in higher education in particular made traditional rules looking no longer natural, rightful, expected, and legitimate. The 1990s was the period of deinstitutionalization in public universities, and processes of reinstitutionalization are only emergent with new reform proposals of the end of the 2000s.

7. The long shadow of the denigration of the research mission of the university?

One of the fundamental consequences of the large-scale phenomenon of the growth of the private sector in the 1990s, accompanied by the processes of deinstitutionalization in public universities, was limited academic pressure on reforming public universities, including limited pressure on increasing impoverishing salaries in the public sector. The pact between politicians and academics was that salaries were low or extremely low but holding multiple (sometimes more than two) posts in both public and private sectors would be tolerated. The pact between major university stakeholders was gradually popularized in society at large, with long-lasting consequences and a resulting 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 “deviant courses of action” were not sanctioned – these actions were not viewed as resulting from norms alien to the institution; consequently, Polish universities became redefined institutions, with consequences for their mission (denigration of research), public funding (lower than could and should potentially be), social prestige (decreasing) and for their governance structures (after the initial changes in 1990 there were limited, if any, changes in management and governance structures, and the first law on higher education following the new law of 1990 was passed only 15 years later, in 2005). Lessening of traditional (academic) norms led to substantial institutional transformations, introducing new institutional cultures accepting actions and behaviors traditionally (academically) non-acceptable.

It might be argued that 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, in fully parasitic relationships with the public sector (on parasitic relationships between the two sectors generally, see Levy 1986: 312, Breneman 2006: 87). 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 and, 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 (as Claus Offe stressed: “the productivity of institution may be context-sensitive, with the context itself being formed by other institutions or conditions. In the absence of such favorable context, one particular institution may not yield the benefits that hence are not due to the institutions itself but contingent upon synergetic effects with other institutions”, Offe 2006: 11). Consequently,

due to the lack of pressures on increasing public funding for university research, the phenomenon of dual privatization has led to lost research opportunities of Polish higher education in general. (Partially) self-imposed decrease in research aspirations in the 1990s has clearly led to context-dependent (relative) decrease in research production. No new socially convincing narrative on the mission of universities was produced in the meantime, and the traditional Humboldtian narrative was gradually losing its social legitimacy. As Offe explains,

Institutions come with an implicit theory about themselves, an ‘animating idea’ that provides reasons for their support and defense. ... An institution that is entirely incapable of providing widely accepted reasons for itself is, as it were, intellectually naked ... and, for this reason, in a precarious position and vulnerable to challenge (Offe 2006: 12).

It is quite possible that the 2008-2010 reforms in Polish higher education are socially feasible and technically possible because there is no socially recognized and commonly accepted grand narrative (or big story) about Polish universities that could be successfully supported and defended. The academic status quo is non-acceptable, and in this particular context sweeping, perhaps even revolutionary changes are discussed, and the results of the public discussion are unpredictable.

In the “critical juncture” periods (to refer again briefly to historical institutionalism, Pierson 2004, Streeck and Thelen 2005, Mahoney and Thelen 2010), when traditional “animating ideas” seem outlived, deeper changes are possible. There is at least a double danger, though: first, too many alien norms may be invading the institution, transforming the institution to its core; and, second, too heavy reliance in reforms (reforms of intellectually, ideationally, “naked” institutions at the moment, in the absence of a convincing big story about their social roles) on political short-term concerns. As Paul Pierson reminds in his criticism of the theory of institutional design:

The question of actors’ time horizons constitutes a central issue for analysts of institutional design. If politicians often have short time-horizons, this has important implications for theories of institutional design and change. Where designers have short time horizons and the short-term and the long-term effects of institutional choices are distinct, it becomes far less likely that institutions will be designed to

achieve functional outcomes over the long term. Long-term institutional consequences may be *by-products* of actions taken for short-term political reasons (Pierson 2004: 112).

Institutional and systemic consequences of the *laissez-faire* higher education policies in the 1990s and beyond, including the emergence and booming of the private sector based on its parasitic relations with the public sector (its academic staff, buildings, libraries, and even its sports halls) are still holding public institutions in their grips. And current “critical juncture” period in higher education may evoke (short-term) political solutions which may hold public institutions in their tight grip for another decade. This is the reason for which current reform attempts need to be assessed especially critically, in view of past experiences. 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 public universities, only emerge to be seen.

8. Conclusions and further research

The growth of the private sector in Poland cannot be easily assessed: different stakeholders hold different views. Those of academics may differ substantially from those of students, and may be still different from those of the employers and the state. One thing is certain, though: after two decades, the potential for demand-absorbing growth in both sectors in Poland has exhausted itself and the negative implications of demographics are becoming more important than ever before. Poland is the fastest aging society in Europe (OECD 2008c), and the decline in enrollments in the next decade may hit hardest the private sector – fee-based rather than tax-based. It is too early to argue whether the growth was indeed setting a trend or was merely a passing phase of development (to refer to Scott again) from a larger, European comparative perspective. There are too many variables in force right now, and the outcome of reinstitutionalization processes is unclear: as mentioned, demographics is predictable but politics (as a major force defining educational policy) is not. Further research would include assessment of research capacities of public universities and the scope of the impact of the past denigration of the research mission, the study of the “survival of the fittest”/institutional adaptation processes among private institutions negatively hit by demographic trends, and the study of the impact of a new wave of reforms, both referred to the region and incorporated into a wider picture of European integration of higher education.*

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