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QUALITY ASSURANCE OF HIGHER EDUCATION
IN TRANSITION COUNTRIES: ACCREDITATION –
ACCOUNTABILITY AND ASSESSMENT

ABSTRACT. One issue facing countries in transition concerns how to ensure quality for a broader and more diverse set of institutions. Quality assurance processes (i.e. accreditation, accountability and assessment) have particular relevance today as higher education undergoes dramatic changes in countries in transition, as the world becomes more internationalised, and as private higher education institutions increase in number and enrol increasing numbers of students. Three questions emerge. Do differences among transition countries relative to central control prior to independence explain the current set of quality assurance mechanisms? Has the growth of private higher education in transition countries affected how quality assurance is conceptualised? Have quality assurance mechanisms been affected by the opening of branch campuses in transition countries?

INTRODUCTION

Traditional governmental mechanisms for quality assurance of higher education are no longer meaningful in most transition countries. Emerging markets have demanded new skills, which requires that tertiary institutions develop new forms of higher education. The simultaneous globalisation of markets and people also has demanded new forms of higher education, and the emergence of private higher education has required new forms of quality assurance. Quality assurance may employ three forms of compliance, namely, accreditation, accountability and assessment, each requiring different mechanisms.

Lewis et al. (2003) noted that the forms of public and private higher education institutions have changed dramatically over the past decade. Changes have resulted from both the emergence of private markets and the growth of markets and people through globalisation (Knight 1999), as the economies in and near the former Soviet Union have transformed. Transitions in higher education also should be considered in the context of the massive privatisation occurring in

Azerbaijan, Bulgaria, the Baltic States, Poland, Romania, Russia, Ukraine and other former Soviet Union countries.

Quality assurance should be viewed in the context of a country's public policies to provide educational opportunities for citizens. Connections between institutional purposes, government policies established to enable institutions to achieve their purposes, and procedures that document institutional performance are essential. Unfortunately, when alignment is absent, citizens lose opportunities to better themselves (National Center for Public Policy and Higher Education). Issues of quality assurance have become a focus of attention in both developing and transitioning countries (El-Khawas et al. 1998; El-Khawas 2002). Governments have decided that traditional academic controls are inadequate.

Initiatives to ensure quality in private higher education institutions began in the early 90s after the collapse of the Soviet Union (Macwilliams 2001). The expansion of private higher education brought concerns about quality, including the need to distinguish between "degree mills" and legitimate institutions. Protecting consumers from fraud is not unique to transition countries; such institutions operate elsewhere, including in the United States (Bartlett & Smallwood 2004).

The state has a regulatory role to assure that all education providers meet certain quality and equity standards. Quality is not determined solely by institutional type as a public or private institution, but on whether or not an institution adheres to externally established standards promulgated by the academic community (Johnstone 2001). An article in *The Economist* ("Private Education" 2002) noted that many private universities in Central and Eastern Europe are improving. Certain private universities have the potential to be high quality, and, consequently, support quality assurance mechanisms (Lin-Liu 2001). Quality assurance processes may be developed by either voluntary private accreditation agencies or by agencies established by legitimate public authority as in the United Kingdom and the European Union. The role of government is to make transparent accreditation standards, to ensure objective and fair implementation of standards, and to establish mechanisms to accredit all institutions.

Transition countries also must consider how to address educational initiatives of institutions coming from Australia, Great Britain, the United States and elsewhere. A small number of institutions have become leading exporters of higher education degrees to less devel-

oped countries. Lenn (2002) noted that higher education was a top export of the United States; Martin (2004) suggested that some activity may be motivated by financial considerations.

ROLE OF GOVERNMENT IN HIGHER EDUCATION

Governments and state agencies traditionally have played three roles: (1) regulating and providing accurate public information, (2) financing and (3) administering. Participation in elementary and secondary education yields major collective benefits, while participation in higher education is by choice and individual students collect much of its benefits. The public good is highest in the former, which has been the main argument for governmental regulation, finance and administration at these levels.

The government can regulate and finance both public and private institutions. Only where the public good is strong should the state administer public education. Tradition and precedent rather than meaningful "public good" have driven public support and administration for most public universities around the world. Currently, particularly in both North America and Northern Europe, the trend is reversing. Many public universities of Northern Europe have begun dramatic reform and have moved towards privatisation to deliver both private and public goods (Clark 1998). The public research university in the United States is likewise moving towards becoming more independent (Lewis & Hearn 2003). Even in Britain (Williams 2003; "Dons Bring" 2003) public research universities are becoming more entrepreneurial. In Ukraine, several universities have received a special status of "national" university, entitling them to become more independent from the Ministry. The National Kyiv Shevchenko University, where the Rector has rights almost equal to those of the Minister of Education, has greater freedom to develop new curricula, diversify activities and set faculty salaries.

Institutional differentiation is a logical response to the increased specialisation and importance of knowledge in higher education. A clearly stated mission is a cornerstone of accreditation (Shawen 1983). When institutional diversity is increasing, quality assurance standards should not restrict the development of new institutions. Both new and reformed institutions can best serve the public interest by focusing on a well-defined set of goals. The state should provide information about educational alternatives to help consumers make

decisions about providers and to hold providers accountable for performance. Governments should ensure that each institution declare the nature and purpose of its mission and, in concert with effective accounting, assessment and accreditation systems, ensure that institutions are meeting their goals.

DISTINCTIVE NATURE OF ACCREDITATION, ACCOUNTABILITY AND ASSESSMENT

Accreditation, accountability and assessment overlap, but are distinct processes fundamental to quality assurance. Each is relevant as higher education changes in transition countries, as globalisation increases, and as private institutions enrol more students. Each has emerged at different points, but today they come together and operate simultaneously in most industrialised countries. This triangle of quality assurance processes applies to both public and private institutions, although the particulars relative to accountability differ. Given the financial support provided to public institutions by states in the United States and by central authorities in the United Kingdom and Western Europe, public institutions face more accountability pressures. This is not true in transition countries, where public institutions are largely immune to external accountability. Unfortunately, much discussion does not distinguish among the quality assurance mechanisms, leading to confusion and redundancy.

ACCREDITATION

Geiger (1970) pointed to the crucial role played by voluntary, nonofficial, governmental organisations in the United States. Accreditation associations are self-governing, and, periodically, revise institutional requirements and accreditation criteria. Institutional accreditation in the United States has influenced uniformity within sectors, but also has fostered diversity. Shawen (1983) noted “that many different institutions and agencies working both independently and cooperatively can effectively govern our colleges and universities” (p. 1). Thrash (1979) characterised accreditation as “uniquely a non-governmental process” (p. 116). During eras when powerful tendencies towards centralisation and uniformity existed, accreditation was instrumental in encouraging innovation and

uniqueness. Trout (1979) suggested three assumptions: (1) assessment of quality focuses on conditions for quality; (2) no common definitions for quality; and (3) higher education has a significant production function. The emergence of the “assessment movement” has shifted focus to the third question. Woodhouse (1999) suggested that accreditation addresses whether an institution qualifies for a certain status. Students who attend an accredited institution know that the institution will provide the programmes and services necessary for success and that degrees will be recognised.

A key issue concerns how to design an overall structure that cuts across borders and avoids problems inherent in the regional structures of most countries. Kells (1996) suggested that accreditation will eventually be replaced by global accreditation. Before trade agreements are possible in Central and Eastern Europe, each transition country must develop an accreditation system that considers private and public institutions equally and that supports flexible institutional missions (Keller 1980). The 1999 OECD report *Tertiary Education and Research in the Russian Federation* suggested that “much inconsistency exists across the Russian Federation” (p. 12).

Geiger (1970) pointed to periods in accreditation’s history in the United States that have been replete with controversy. Keller (1980) specified problems with the accreditation system that should be resolved before adoption by other countries. Bloland (2001) and Von Alt (2002) summarized criticisms that have led to changes in accreditation in the United States. Eaton (2001) suggested that the basic issue concerns constituencies involved in institutional accreditation and their expectations. An estimated 25,000 educators serve as team members for more than 80 regional and professional accreditation associations in the United States (Bollag 2004). Leatherman (1993) noted that during 1991 and 1992, only 1.6 % of those institutions accredited by regional associations received formal sanctions. Eaton (2001) noted that the community is intent on expanding international quality review activities, including interactions with quality assurance organisations across the world.

One hotly debated issue concerns access to reports prepared by accreditation teams. Bok (2003) suggested that as the higher education enterprise becomes increasingly driven by competition, pressures to keep information “secret” will increase. This prediction applies to private institutions most directly, especially private for-profit institutions. Within the accreditation community, there is disagreement

(Bollag 2004). Imagine the debate that would ensue in countries with a far less open system for sharing information.

Accreditation processes and the agencies responsible for implementing them must be evaluated to ensure that the accreditation mechanisms are functioning effectively, efficiently and equitably. There is considerable empirical research on accreditation processes (e.g. Kells 1976; Kells & Kirkwood 1979; Pigge, 1979; Romine 1979; Trout 1979; Engdahl 1981; Anderson 1987; Robinson-Weening 1994; McMurthie 2001; Phillips, Song, & Tom 2001). Accreditation plays a role in fostering diversity (Shawen 1983) and in protecting academic freedom (Elman 1994).

Accreditation mechanisms can be formed by a governmental agency, an autonomous non-governmental agency created by higher education institutions, or by professionals in the higher education, and business or industry sectors. International (e.g. World Bank, Asia Development Bank, Latin American Development Bank) and regional (e.g. UNESCO and the European Union) agencies have been assisting transition countries to establish accreditation mechanisms. Van der Wende (1999) suggested that quality assurance systems “tend to travel poorly because of cultural differences and preferences regarding purpose” (p. 230).

The General Agreement on Trade in Services of the World Trade Organization has encouraged the development of common educational standards, mutual recognition and the liberalisation of accreditation. Translating degrees from foreign universities into national equivalents is difficult, especially in Central and Eastern Europe and in several Asian countries. Authorities in some countries do not recognise credentials from a foreign institution, even if received within their own country from an internationally recognised university.

Many countries have developed new accreditation systems, while others have established evaluation committees or governmental agencies that carry out external reviews. In Romania, separate agencies are responsible for different types of institutions or purposes, perhaps due to the rapid increase in the number of institutions and enrolments in private universities (“Private Universities” 2002).

The challenge for private institutions is to work with governments to seek a licence to operate and receive accreditation for offering degrees, yet to maintain independence by minimising outside micro-management. Stetar and Stocker (1997) suggested that in Ukraine, the state persists in an old Soviet-style ideology that prevents private

institutions from operating in a manner to maximise contributions to societal needs. At the same time in Slovakia, “state universities are not as conservative and backwards as some commentators would allow” (Collinge 2004, p. 191). After ensuring that private institutions meet established criteria for accreditation, governments should step aside and intervene only when additional information questions an institution’s accreditation status.

Unfortunately, in several transition countries (e.g. Azerbaijan), governments, largely through ministries of education, essentially license and accredit simultaneously. They effectively require (i.e. mandate) that the private institution adopt the same curriculum and requirements of the existing public system (i.e. “the old Soviet system”), or face closure. Private institutions lose their private character and capacity for independent missions and services. The government is still wedded to the past and to the preservation of the historical form of the public sector.

In Russia, state accreditation was introduced through the 1992 *Law on Education*, which addressed accreditation for both state and private institutions (Kouptsov & Tatur 2001). A majority of the accredited private institutions in Russia specialise in one or more of the new fields of study (e.g. the humanities, economics, business or management), all areas that the public sector largely avoided. This finding is consistent with findings in Ukraine and Azerbaijan (Lewis et al. 2003). Even though private higher education has expanded dramatically in Russia and that such institutions appear to be relatively independent, their licensing, accreditation and the final certification of their graduates are owed totally to state committees, staffed almost entirely by personnel from the administrative and academic bodies of the state higher education system.

Private institutions have a strategic advantage in being able to be innovative in developing degree programmes to respond to changing needs, and public institutions may not be able to respond as quickly. The scope of private higher education in transition countries is difficult to estimate precisely. How accreditation processes have affected private institutions is sketchy. In Russia, accreditation processes are perceived as being highly biased against private institutions (OECD 1999).

Inconsistencies in accreditation processes within countries are multiplied when one considers the set of transition countries. Woodhouse (1999) suggested considerable variation exists across countries in the consistency of processes as applied to public *versus*

private institutions. Members of OECD countries and representatives of Central and Eastern European States reviewed educational reforms in the Baltic states of Estonia, Latvia and Lithuania. In each report, commentary was included about the numbers and processes used in considering private institutions (e.g., *Reviews of National Policies for Education: Estonia*). Statistics on the number of private institutions operating in any transition country transition should be viewed skeptically.

Accreditation guidelines regarding the value and content of traditional liberal arts degrees in the United States may generate more interest in transition countries in the tradition of liberal arts colleges. Regional accreditation in the United States has been a powerful force in developing consistent standards yet flexible design options for how institutions structure general or liberal education curricula (Lopez 1999). Although there is consensus about the role of institutional accreditation in fostering good practices in general education, there is considerably more controversy about the role of institutional accreditation in fostering cultural diversity in the curriculum (Ezeamii 1996).

One complex issue concerns how to consider for-profit institutions, an institutional type which historically has not been very prominent in either the United States or Northern Europe. Yet today even in the United States, for-profit institutions are increasing in number and accreditation agencies must consider their application for accreditation (Ruch 2001). Separate from regional accreditation agencies, a private agency, the Distance Education and Training Council, is recognised by the US Department of Education for accrediting distance-learning institutions (Foster 2002).

Another issue concerns institutions in the United States, Canada, Australia, England, and elsewhere that are opening branch campuses. According to Woodard (2002), this trend is prominent in the former-Soviet block countries in Central and Eastern Europe. In the United States, regional accreditation first included an international dimension in 1965 when off-campus programmes in foreign countries were included as part of the institution's accreditation status (Geiger 1970). Lenn (2002) suggested that eight central questions be considered by institutions when deciding to export degree programmes to international locations. UNESCO and the intergovernmental Council of Europe formed a working group on transnational education and this group recently announced some principles of good

practice, similar to those produced by regional accrediting bodies in the United States in the late 80s and early 90s.

Countries should consider the relationship between accreditation processes of professional organisations in relation to institutional accreditation processes (Conway 1979; Van der Wende 1999). How professional accreditation affects institutions is an on-going debate within UNESCO and elsewhere. As noted first in the *Second Newman Report* (1973) and again recently, serious concerns exist.

As countries establish basic criteria and processes for accrediting institutions, care must be taken to ensure basic criteria for accreditation apply to all institutions, but that the criteria do not become so specific as to preclude the emergence of new types of programmes and institutions. The status report for Latvia cautioned against standard requirements relative to the number of faculty who hold doctoral degrees. One problematic issue concerns the standard traditionally used in requiring that the institution employ full-time faculty. According to Foster (2002), increasing numbers of faculty in traditional institutions are “moonlighting” at other institutions, some of which are not accredited. As more private institutions emerge in transition countries, the salaries they pay are likely to draw faculty from public institutions (Collinge 2004). In Estonia (2001), where faculty salaries in public institutions are high compared to those in other transition countries, this concern already has emerged.

How countries in transition consider private institutions in designing accreditation systems represents a critical turning point. Proffitt (1979) described the delicate relationship that has ensued between the voluntary accreditation associations and the United States government from the 50s. Accreditation for higher education in transition countries must continue to evolve.

ACCOUNTABILITY

The evolution of both public and private higher education should be accompanied by considerable autonomy from detailed external control. Strategic planning and decision-making about budgetary matters are core activities of an institution; hence, the state and central government should not become involved in internal budgetary processes. Accountability is best served by external consumers (e.g. students), benefactors paying fees and contributions, and the state’s provision of financial subsidies. State governments should focus on

the profiles and outcomes of both private and public institutions rather than increased bureaucratic reporting requirements for institutions.

Accountability refers to “a focus on the conditions that must exist within any educational system in order for that system to be accountable for the achievement of its goals” (Barbee & Bouck 1974, p. xiv). Whereas accreditation entails participation by peers, accountability systems exclude external peer-review that has characterized institutional accreditation in the United States, the United Kingdom, and elsewhere. Wellman (2001) suggested that “accountability is necessary for preserving the compact between higher education and society” (p. 48). Accountability focuses on the priorities of constituencies that have a vested interest in institutional performance (Alexander 2000). Knight (1999) suggests that three primary stakeholder groups must be considered: the government sector, the education sector and the private sector.

Accountability has been a recurring theme since the earliest days of higher education, but its relative importance has risen and fallen in part as a result of external pressures facing higher education. Government officials trusted higher education institutions in the United States and encouraged considerable institutional autonomy in both sectors (Bogue & Aper 2000). Levine (1997) suggested that higher education has become a “mature industry”, bringing with it accountability pressures for all institutions.

The dimensions of an accountability system must differentiate amongst different institutions relative to their institutional missions. Accountability brings the need to develop institutional performance measures that reflect overall expectations for performance of the stakeholders. Ideally, institutional performance measures are connected to institutional strategic planning processes, and have “loose” connections with budgeting (Whiteside et al. 1998).

Accountability and governance are major problems in most transition countries. Governments need to be assured that higher education institutions are addressing societal needs by producing the desired graduates, as well as by generating the research and service to improve citizens' lives. For public institutions, government needs to be assured that funds are well spent, that the institutions are efficient, and that institutions are productive (Layzell 1998). As costs rise, accountability pressures increase. As increasing numbers of individuals in countries in transition attend private institutions and pay tuition, concerns about accountability are likely to increase.

Governance structures and management traditions in public higher education institutions in transition countries are characterised by a lack of regulatory oversight. Academic freedom is frequently mistaken for managerial independence, which, in turn, leads to a lack of accountability for the use of resources and institutional performance, and often, to corruption. In both sectors, with no boards of trustees and limited external oversight, most faculty and administrators believe that they control and direct the institution. Reliance on performance indicators as management indicators and planning tools is not common practice in such countries.

Governments should ensure that each institution declare its nature and purpose and, in concert with an effective accreditation system, ensure that institutions are meeting their purposes and goals. Institutional differentiation is a logical response to the increased specialisation and importance of knowledge. Both new and reformed institutions in both sectors can best serve the public interest by focusing on a well-defined set of goals for students. The government has a role to provide information about educational alternatives to help consumers make informed decisions, and to hold providers accountable for their performance relative to educational outcomes.

The executive director of the Center for Quality Assurance in International Education, recently noted that people in all parts of the world need to prepare for a global marketplace through higher education and professional development (Lenn 2002). Linking higher education with regional economic development means closer ties between higher education and business and industry, and movements in that direction occurred prior to the collapse of the Soviet Union (Savalyev 1989).

Although private institutions do not face the same accountability pressures as public institutions, there are common elements. Governments ultimately are concerned about the degree to which institutions contribute to public interests. The extent to which private institutions contribute to access, educational quality, and productivity are appropriate questions that the State should ask private institutions. All institutions have an accountability role to assure that the state is getting value for its public investment in the public institutions, and that quality and equity standards are being met in both sectors. Across both developed and developing countries, quality is not determined by whether an institution is either public or private, but on whether or not it adheres to standards established by

voluntary accrediting agencies or appropriate governmental agencies (Johnstone 2001).

ASSESSMENT

The newest quality assurance process, assessment, surfaced in the early 80s in the United States and Europe as concerns emerged about the nature of college student learning and performance. Assessment initiatives have focused more on the outcomes of educational experiences, and those institutional processes that contribute to desired outcomes. Both regional and professional accreditation associations have changed criteria for accreditation to include stronger guidelines to demonstrate that desired student learning and performance has been achieved for graduates of the institution. Gratch-Lindauer (2002) noted that new standards reveal a greater emphasis on outcomes assessment. This emphasis on the third question posed by Shawen (1983) illustrates the adaptability of accreditation to external accountability pressures. Trout (1979) found that few methodologically sound studies had been conducted to verify that purported key quality characteristics related to measured student learning.

Regional and professional accreditation associations in the United States place much more emphasis on the documentation of student learning and performance as a significant component of accreditation systems. Patton (1999) found that the majority of institutions do not have a coherent plan for student assessment. Another study based on responses from 1353 institutions to a survey concerning institutional assessment, concluded that institutional control (public *versus* private) is a less important variable in assessment activities than institutional type (Peterson & Augustine 2000). Differences among institutional types occurred for seven of ten educational decisions (e.g. designing or reorganising academic programmes or majors).

The 1997 Lisbon Convention (Council of Europe 1997) will eventually apply to 54 countries, and is relevant for assessment activities since it is concerned with how institutions establish procedures to recognise documented competencies, knowledge and skills. How particular institutions will address graduates' knowledge, skills and competencies is unknown. The 1999 OECD report *Tertiary Education and Research in the Russian Federation* noted a greater emphasis on desired student competencies in the development of associated assessment mechanisms.

To increase flexibility in the design of academic programmes, many higher education institutions throughout the world have adopted the North American standard of credit-based courses. This development has begun to affect entire national university systems in several countries (Regel 1992). In 1999, the ministers of higher education from 29 European countries committed themselves to the credit system in their university systems and the establishment of a European Credit Accumulation and Transfer System (EUROCATS). This system of credit-based courses may transfer to other transforming systems.

CAVEATS AND RECOMMENDATIONS FOR PUBLIC POLICY

We draw several conclusions for public policy in transition countries. First, policy makers must be careful in implementing degrees of freedom to expand private higher education. Use of strategies, governance and language borrowed from the for-profit world may cause faculty and other key players to reject an approach before they fully understand the system. Institutional leaders need to realise that market-driven forces and the drive for revenue and profits may obstruct goals such as quality and equity. Reducing the academic organisation to a business can become dysfunctional. The evidence does not suggest such widespread patterns across most transition countries, but communication seems critical to avoiding enduring perceptions and fiscal entrapments to the contrary.

Second, effective measurement and reporting of results is critical to the success of any system of higher education. There should be goals, rewards and consequences for academic units in both the public and private sectors as decisions are made to meet institutional and external expectations. Measuring performance appropriately is critical to that process.

Following the collapse of the socialist systems in Central and Eastern Europe and Central Asia, most universities and other institutions of postsecondary education have publicly reclaimed their autonomy. In some cases, protection from government control has been included in newly revised constitutions. However, this new autonomy seldom has been accompanied by new financial autonomy, authority or improvement in the institutions' management, external accountability mechanisms and strategic planning capabilities. Continued line-item budgeting, inflexibility in moving resources between

programmes and faculties, limited control over generating revenues and cost-savings all provide limited incentives to respond to emerging market economies. Few of the institutions have implemented effective strategic plans with appropriate performance objectives and mechanisms for assessment and accountability.

Third, some level of autonomy from external public control of the institution should accompany the implementation and reform of both private and public higher education. Planning and making decisions about budgetary matters go to the core of an institution; hence, external interests such as state governments should not become involved in an institution's internal budgetary process. State governments should focus on the general profiles and measured outcomes of both private and public institutions, rather than increasing bureaucratic reporting requirements on the systems and institutions.

Finally, there needs to be a process to guard the larger community and public good whenever both the private and public sectors of higher education undergo change. Sanctions for illegal behaviour may be necessary, since consumer fraud and corruption can be found within institutions in both sectors. Whenever such institutional behaviour is discovered, negative sanctions, such as withdrawal of funding, licences or permits, need to be applied. Studies make it clear that the competitive nature of activities between public and private institutions has the potential to pit academic units against one another as they compete for students and resources.

Regulations of the state with respect to accreditation and accountability in transition countries need repair. Much repair needs to be addressed in the context of the emerging private universities, but attention also needs to be given to public institutions. Several bottlenecks continue to hamper and even delay further development of both public and private higher education in almost all the countries in transition. These bottlenecks arise from the former centralised control of their ministries of education and governmental policies. The UNESCO report *Peril and promise: Higher education in developing countries* (2000) suggested the overall stance that should be taken by governments.

Consequently, we recommend that appropriate new legislation in countries in transition be enacted:

- (1) First, such countries must develop carefully crafted accreditation benchmarks for initial minimal standards and for quality assessment and improvement over time. The benchmarks should

not be only the leading public universities in the country, but could include other nearby regions or quality private universities. The state and institutions need to understand that “one size does not fit all institutions.” Appropriate standards should be established for differentiated types of institutions (Sadlak 1994).

- (2) In the accreditation review process, the agency coordinating the review should include knowledgeable and highly regarded scholars from both sectors on all review teams. The teams should be selected wisely with due process for scholars and representation of the institution type being reviewed. Reviewers must not come from just the Ministry or public sector.
- (3) The accreditation requirements should mandate that all private universities offering degrees must be non-profit. Alternatively, if they control private businesses, then these separate non-academic agencies should be treated like any other business. This requirement of separating higher education from proprietary institutions is controversial in several countries, but through the transitional period it minimises possible exploitation of students.
- (4) The accreditation process must require an external board of trustees or overseers to the institution under review in both sectors; this board should give periodic review of appropriate institutional performance objectives for accountability purposes.
- (5) Appropriate tax policies must be addressed to facilitate the growth and development of the education service industry especially at the post-secondary level. Two types of policy can provide incentives and disincentives for advancement. The first policy encourages tax deductions for contributions to institutions, while the second avoids taxing the revenue of non-profit institutions. Tax policy that increases governmental revenue (*via* a revenue tax) against private institutions is inexcusable, except to prevent the development of private higher education under a false belief that private institutions are for-profit. The heavy philanthropy in industrialised countries has benefited both public and private institutions, and has been a major source of income for private and increasingly for public institutions (Johnstone 2001). Governments in a few developing countries have recognised the value of such tax breaks. Unfortunately, only Poland in Central and Eastern Europe permits such tax deductions currently. This simple mechanism has had dramatic effects on the growth of higher education around the world, and

has generated large resources to higher education without costing central government forgone taxes.

- (6) Ministries of education need to “decentralise” their decision-making powers concerning administration of public and private universities. By decentralising institutional decision-making, institutions can become more responsive to the changing needs of economies. Bureaucrats in central ministries were not successful in the former Soviet system and there is limited evidence that they can now succeed in a more market economy.

IN CONCLUSION

The literature suggests strong externalities and public good characteristics associated with public and private higher education, and both sectors serve as engines of economic growth, especially in the context of expanding markets. Deliberate public policy that causes both sectors to either withdraw or become non-responsive to market needs is not only counterproductive, but is tantamount to denying prospects for further economic growth.

Governments and public authorities can be direct providers of higher education, offer finance for its provision, or do both. They can develop legal and regulatory policies to promote and shape the higher education system and regulate both public and private institutions, even when these might be privately licensed or funded. Whatever their policies, public authorities must be able to demonstrate that they are using public resources in a way that offers societal benefits that the private sector cannot supply. With appropriate oversight and quality assurance, private institutions can supply these services.

Accreditation as a public policy issue has recently gained importance as the public sector in transition countries has taken on greater concern for quality assurance. However, the topics of institutional assessment and accountability in both sectors have been little explored in most transition countries. There is much to gain from this institutional responsibility as countries undertake change, development and transition.

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