

Market Forces in Ghanaian Higher Education Institutions: A Conceptual Review of the Market Models and Competition in Private Universities

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ABSTRACT

The rapid expansion of Tertiary Education in Ghana in recent years is a well-documented fact. This has come about as a result of the Government of Ghana's effort to widen and allow private sector participation which have yielded considerable success. This is a worldwide phenomenon noticeable in Latin America, Europe, Sub-Saharan Africa and East Asia.

Growth in Tertiary Education in Ghana precipitated the Government's establishment of a legal framework to regulate and sanitise Tertiary Education in the country. It is instructive to note that these reforms triggered a vibrant free market system and its attendant stiff competition particularly among Private Tertiary institutions in Ghana and the gradual lessening of state control and management of tertiary education.

This paper examines some of the problems associated with the free market system being practiced in Ghana's Higher Education intuitions, particularly the level of understanding of potential students' knowledge of the Higher Education system, and the market structure.

Keywords: Management, Managerial Economics, Economics, Higher Education, Higher Educational Management, Higher Educational Marketing.

INTRODUCTION

The critical role of Higher Education in Ghana's developmental agenda continuous to dominate discussions in Higher Education. The role of human resource development with the relevant skills is a vital ingredient for Ghana's development effort.

Ghana's Higher Education reforms were fundamentally aimed at expanding access as a means of narrowing the demand gap. This innovation however triggered increased competition particularly among the Private Tertiary institutions in Ghana. Competitive markets according to Agasisti (2009) should stimulate greater efficiency in the choice of students and increased performance in the utilization of resources. Conceivably, in a market-oriented system of Higher Education the strength of the students' choice of a University and Programme is hampered by admission requirement of the chosen Institution and the academic results of the prospective students (Baldwin and James, 2000)

The aim of this paper is to stimulate discussions among interested stakeholders in Ghana's Higher Education sector. The review will focus on three areas namely; the competitive market, the market structure and its characteristics, and the strength of choice of prospective students in a market-oriented system of Higher education.

Universities in Ghana

The upsurge in demand for university education in Ghana triggered the growth in Private Universities and University Colleges. Ghana's 2013 Education Sector Performance Report of the Ministry of Education stated that between 2010/2011 and 2011/2012 academic years the number of accredited Private Universities and University Colleges increased from 51 to 55 institutions while Public Universities and University Colleges decreased from 7 to 6 institutions. Similarly, Within the same period Private Universities and University Colleges enrolment increased from 32,275 to 59,899 with the Public Universities and University Colleges enrolment decreasing from 115,452

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to 109,278. This is illustrated in Figures 1 and 2 and figure 1 respectively below.

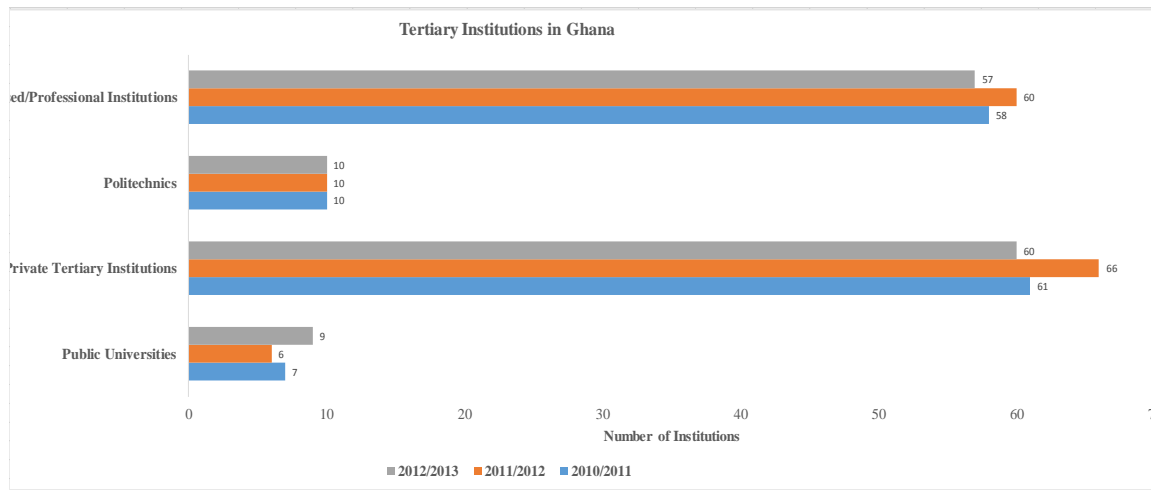


Figure1. Number of public and private tertiary institutions, 2010/11 - 2012/13

Source: Adopted from Education Sector Performance Report, 2014, Ministry of Education Ghana

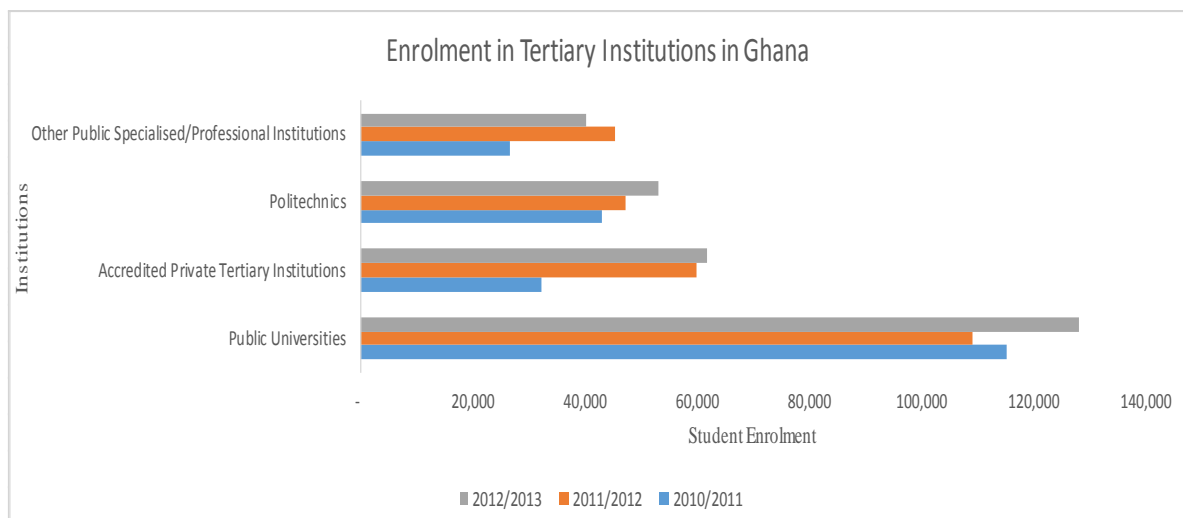


Figure2. Enrolment in Tertiary Education

Source: Adopted from Education Sector Performance Report, 2013, Ministry of Education Ghana

The increases in enrolment as Effah, (2006) put it, has been fundamentally caused by increased demand for University education resulting from high population growth and expanded enrolment at the Basic and Secondary levels far in excess of the capacities of the Universities and University Colleges in the Country.

The Regulatory Framework

The National Accreditation Board of Ghana was established in 1993 with the mandate to ensure quality and maintain academic standards in Tertiary education in Ghana. The National Accreditation Board operate a strict legislation on registration requirement leading to the granting of Accreditation to establish private universities and University Colleges.

The Board subjects private Universities and University Colleges to an evaluation and assessment process using guidelines developed by the Board to assist Universities and University Colleges in undertaking self-assessment.

Accredited Universities and University colleges until they attain their Charter status are required to be affiliated to an established University which supervises and award degrees for the accredited Universities Colleges (Effah, 2003).

A number of teething problems relating to affiliation frustrates and stifle growth in Private Universities which require immediate redress by the National Accreditation Board include; a requirement for mentoring Universities

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to produce evidence of accreditation, High Affiliation cost, Unnecessary delays in processing affiliation applications, Lack of clarity on the role of the mentoring Universities among others.

THE MARKET

Prospective students in search of University education in Ghana are estimated to be about 200,000 annually. Total enrolment of both private and public universities and colleges annually is in the region of 120,000 students, a clear indication of an attractive domestic market.

The West Africa Sub Region has an estimated potential student's enrolment demand of close to 1,500,000 prospective students. Ghana's international students' enrolment currently stands at 10% of our total enrolment annually.

As (Hemsley-Brown and Goonawardana, 2007; Mazzarol and Sontar, 2008) rightly articulated, increased global marketisation of higher education has resulted in many higher educational institutions developing strategies for international students recruitment.

THE MARKET CHARACTERISTICS

In recent times several policy initiation introduced by the Ghanaian Government aimed at as Betfield (2003) put it stimulating more competition in universities education with the objective of;

- Relaxing central Government control and intervention in University Education
- Develop a competitive market among Universities and University colleges.

The characteristic exhibited by University Education markets are mainly the following;

- Prospective students are free to choose to study with any of the accredited Universities and University Colleges in the Country.
- The market is competitive among the private Universities and partially competitive between the public Universities.
- The public Universities are free to determine the number of students they can admit in a particular academic year.
- The private Universities can freely determine the level of fees to charge in order to remain attractive and competitive.
- The public Universities fees are partially regulated by the state whiles with some

category of students the state permit the public Universities to determine the level of fees to charge.

- There is significant high demand by international students for University Education in Ghana which is currently about 10% of total enrolment annually.
- The public universities largely account for close to 70% of the market.

THE MARKET STRUCTURE

The market structure is predominantly a mixture of state regulation and autonomy of Universities (Agasisti & Catalano 2006) which assume a monopolistic competitive market in character as can be seen in table below.

Ghanaian University and University colleges market structure is consistent with the following characteristics postulated by (Gtennerstor 1991, Agasisti & catalano, 2006):

- Prospective students are free to choose any University to attend.
- Universities are allowed to compete for prospective students.
- Control over financial resource are delegated to Universities.
- All Universities have to meet the national accreditation requirement
- Freedom of entry into the market (freedom of establishing new universities)
- Universities have the freedom in setting fees, and
- Universities have the freedom to make relevant information available to the public.

The magnitude of the competition experienced by Universities in the country has influenced their strategy and innovation to attract local and international students in recent times. This is exemplified in the dramatic rise in international fee paying students which is gradually becoming a major source of revenue for universities in Ghana.

The expansion of the capacity of access to University Education is important in ensuring University Education capacity challenges are adequately addressed. This can centrally be handled by the National Accreditation Board through quick and prompt redress of problems associated with affiliation.

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Table3. Monopolistic market characteristics

	Monopolistic Competition	Implications
1	There are many prospective students and few universities	Students can apply to any University of their choice Universities have the freedom to attract and admit students
2	Degrees/courses are differentiated	Differentiated programmes Brand association
3	freedom of establishing new universities subject to accreditation requirement	High set up capital High initial operational cost Regulatory requirement
4	Freedom to set academic fees	some level of regulation for public university fees Private universities freedom to set academic fees

Source: *Researcher's own analysis*

CONCLUSION

The evidence presented in this analysis portrays that,

- There is strong competition among the Private Universities in Ghana.
- The market structure of the University Education in Ghana exhibits a monopolistic character.
- Universities in Ghana have begun experiencing a record growth in international fees paying revenue due to the rapid expansion in international students.
- The National Accreditation Board should continue to enhance the Accreditation mechanism and address affiliation challenges.
- There is a Consistent increase in market share of Private Universities and University Colleges pertaining to student's enrolment which is supported by the analysis of the Education sector performance report suggesting that a 15% enrolment in 2011 and 23% in 2012.
- Data for research activities of both public and private universities in Ghana were not immediately available for this analysis.
- Financial performance evaluation could not immediately be obtained to ascertain the financial viability and sustainability of Universities in the Country due to non-availability of verifiable financial data.
- A significant number of International fee paying students in Ghanaian Universities are mostly Nigerians.
- There is the perception that graduates of Private Universities are inferior compared to products from the public Universities in the Country

Passing University education off to private sector is an easy way to save government Resources, although control is also relinquished in the process. Private Universities and University Colleges create competitive pressure that is beneficial to the Public Universities.

RECOMMENDATIONS

This analysis raises some conceptual issues that warrant some attention by Government and stakeholders;

- The regulatory framework seems to be skewed towards the private Universities and University Colleges. The Regulatory Body should ensure that assessment and evaluation is fair across both public and private universities,
- The regulator should institute a ceiling for academic fees charge by for both public and private institutions,
- Inadequate student's grants and support for tertiary students. Government should enhance student's grants and support are sufficient to meet the needs of student's academic work.
- Regulation on research activities should be intensified to encourage research activities in the universities and bring about the culture innovation and inventions among the universities.
- Government support and investment in tertiary institutions should be extended to include private tertiary institutions. This will ensure that access to University Education is expanded to meet the potential demand in the Country.
- Traditional Public universities may exploit their monopoly in the market by overcharging students in order to generate revenue. Government should initiate guidelines to

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check possible abuse by the Public Universities.

- Many of the Private Universities and University colleges in Ghana often have commitment to religious denomination whose ideology may not necessary be in sync with the National value system. The regulatory body must introduce standards to be adhered to by all Private Universities and University Colleges in the Country to ensure that their value systems are in conformity with the National value system.
- Data for research activities of both public and private universities were could not immediately be obtain. The regulatory body should introduce a reporting system that will bring about timely available of research activities in the country. These report should published or made available to the public for their assessment of the performance of the Universities.
- Financial performance for could not immediately be obtained to ascertain their margins. The National Accreditation Board must insist on timely reporting of Universities Financial Statements.
- The perception that Private that private Universities turn out graduate must be addressed by the Council of independent Universities of Ghana if they are remain relevant and competitive in the Country's educational system.

Universities and University Colleges in Ghana must conduct an honest analysis of their strengths and the populations they wish to serve, and use this to define a genuinely distinctive mission (Baldwin& James, 2000) and mission statements which are relevant to the defined objectives of these universities.

The full potential Public and Private partnership in the provision of University education is yet to be exploited. Given their respective strengths and weaknesses, such partnership in the will yield synergistic

benefits through the sharing, collaborations on research and science and technology.

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