Chapter 5
Positioning of Private Higher Education Institutions in the Western Balkans: Emulation, Differentiation and Legitimacy Building

Jelena Branković

Introduction

The privatisation of higher education (HE) has been marked as one of the dominant changes higher education has been undergoing across the world in the last several decades (Altbach and Levy 2005). This broader trend of privatisation, in terms of the diversification of funding sources and the increase in private contributions to HE, is usually driven and further facilitated by an expansion of higher education in order to meet increasing demand. By the 1990s in virtually all European countries higher education went from being elite to being mass and accessible to not only a larger student body but also a more diverse one (Teichler 1998; Trow 1973, 2005).

Apart from being a response to massification in the second half of the 20th century and onwards, the expansion of private HE was also a result of governments' growing tendency to embrace deregulation and marketization with regard to the public sector, to which higher education traditionally belongs (Dill 1997). This trend is often accompanied by allowing for the emergence of private HE providers in traditionally public HE systems (Altbach 2005), also as a way of reducing the costs of providing higher education to a growing number of individuals. Moreover, as Geiger (1986) argues, apart from the aforementioned role in providing *more* higher education, private HE can act as a way of providing *better* or *different* higher education, both as a response to perceived inadequacy or a decline in the quality of the HE provided by the public sector. This is particularly present in countries in which public higher education, and in particular the content it provided, started being perceived as less relevant, outdated, and failing to respond to the new environment, especially in the context of labour market demands. That said, granting other-than-public organisations the opportunity to provide HE (and even profit from it), and thus contribute to the broader public benefit, represents a policy choice in its own right. This policy may imply measures *"to enable, promote, or even steer the private growth"* or simply *"allow it to happen"* (Levy 2006, 5) and letting market forces shape the system and

J. Branković et al. (eds.), *The Re-Institutionalization of Higher Education in the Western Balkans*
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dictate its dynamics. It has also been argued that the birth of private HE in traditionally public systems and the direction is which it evolves are rarely anticipated, let alone part of a well elaborated policy direction, and it is rather the case that *"government gets caught off guard, not having much contemplated massive private emergence"* (Levy 2002, 3) or that its growth thrives *"against the mainstream higher education policy"* (7). Normally, what occurs is so-called "delayed regulation," i.e. governments assuming a more reactive than proactive role in which they recognise the trends and try to find a way to address them (*ibid*.). In any case, as probably in any other policy domain, government's measures or lack of them with regard to the private sub-sector is a decisive factor in the direction developments take.

The HE systems of the Western Balkan region (WB) are by no means an exception to the above indicated trends, although they may hold promise for some idiosyncrasies coming from the social, economic and political context in which they operate (e.g. Sekulić 2013; Vukasović and Elken 2013). In this chapter we look into the dynamics of the private sub-sector in the region with the aim of identifying the forces at work and the way they may affect the positioning strategies of the higher education institutions (HEIs) it comprises. We start with the understanding that with the advent of marketization of HE provision, the positioning engaged by private institutions entering the market emerges in the interplay between constraints imposed by the environment and the choices made by these institutions in a generally uncoordinated way (Levy 2002; Pfeffer and Salancik 2003). Even though private HEIs are for the most part like public ones – they provide teaching, issue degrees and conduct research – the way they carry out these core HE functions is what makes them distinct with regard to their public counterparts. It has been suggested that the extent of differentiation is affected by the nature of the institutional environment in which they operate and in which they seek to position themselves (van Vught 1996; Klemenčič 2013). Building on this notion, this article proposes that the extent of emulation is likewise affected by the institutional environment and that both differentiation and emulation are embedded in broader processes of legitimacy building in which private HEIs actively engage in order to increase their prospects of survival. The institutional framework in which private HEIs operate is thus operationalized as legitimacy, the belief system attached to it, and the regulatory framework in place. The framework is believed to represent the institutionalised embodiment of societal values and norms. On the other hand, responses in this context are in effect private HEIs' strategies to survive and ideally thrive in the higher education markets or, in other words, to effectively position themselves.

The chapter is divided into the following sections. In order to set the stage, we introduce private HE in the region and look into its key characteristics such as enrolment, number and type of institutions, their size, etc. This is followed by the first analytical section in which we elaborate and discuss the current institutional environment. The second analytical section is dedicated to private HE providers' responses, i.e. to their positioning strategies in their environment and their characteristics in this respect. Subsequently, the identified state of affairs is further interpreted and discussed, which is followed by a set of conclusions and reflections on the role of policy makers.

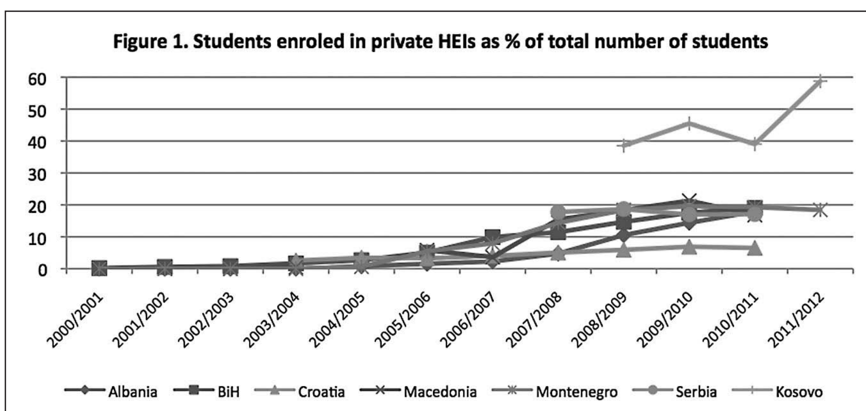
Setting the stage: the rise and growth of private higher education in the Western Balkans

In all Western Balkan countries, emergence of the first private providers was facilitated by regime changes and, compared to previous times, subsequent governments' more liberal approach to the public sector. Thus, private higher education in the region is a relatively young phenomenon starting for the most part during the 1990s, and often, if not in all cases, outside the legal framework in place. In other words, the first HEIs often preceded the formal conditions for establishing private HEIs and operated either illegally or in a "grey area," and were subsequently legalised and legitimised through regulations. In all countries apart from Serbia, this happened during the 2000s (Table 1).

Table 1. WBC by year when the first government licenced private HEIs were established

Country	Year
Serbia	1993
Bosnia and Herzegovina	2000
Croatia	2003
FYR Macedonia	2003
Montenegro	2004
Albania	2005
Kosovo	2007

As a general rule elsewhere as well, the actual growth of the private sub-system was greatly driven by the massification of tertiary education. Importantly, in all the countries we address, private sector growth went parallel with public sector growth, but more in terms of the number of enrolments in existing institutions than in terms of establishing new ones. In this respect, the private sub-sector gave rise to a significantly higher number of HEIs than the public sector. Figure 1[1] provides data on enrolment trends in recent years.



With regard to the relative size of the private sector, in systems which have both public and private HE, Levy (1986) distinguishes between "minority private" systems, i.e. those in which private HEIs enrol less than half of the total enrolment in the country, and "majority private" systems. In all the cases herein, we deal with minority private systems with no tendency of evolving into majority private, or what Levy (2002, 4) identified as one of the three likely paths for a private HE sector to undertake – *"Private demand-absorption without massification toward a private majority."*

In total, there are more than 200 private HEIs in the Western Balkans region. Although the exact number is not known, it has been estimated that about half of all private sector students have been "absorbed" by about only 20 institutions, which enrol between 1,000 and 10,000 students. The two largest private institutions are located in Serbia – Singidunum and Megatrend universities, followed by the Kristal and UFO Dental universities in

1 Source: national statistics agencies and country reports available at www.herdata.org

Albania[2]. That said, most of the private HE providers are smaller in size, enrolling up to several hundred students. Compared to the public sector, the number of private HE providers in most countries exceeds the number of public providers, except for Croatia and Serbia. In the case of Serbia this can be explained by its large non-university sector in terms of the number of institutions. Nevertheless, it is vital to stress that even today there are many private HEIs which operate without a licence, which is why it is impossible to know the exact number of students and institutions in the private sector. Therefore, in this article we have used official data only that include government licenced private HEIs, as these are the only ones statistically 'visible.'

Currently, there are 10 accredited private universities and about 20 non-university HEIs in Serbia, a country representing the largest HE system in the region today. Nevertheless, private sub-sector in Serbia enrols less than 20% of the student body, the same as in FYR Macedonia. Bosnia and Herzegovina (BH) – specifically the Republika Srpska entity – was the second one to legally provide for the establishment of private HEIs by means of a law regulating higher education back in 2000. Similarly as in Serbia, since then the private sector has grown in parallel with the growth of the public sector. However, unlike Serbia public and private HEIs in Republika Srpska have managed to meet the growing demand for higher education more or less equally. When it comes to the other entity, the Federation of BH, the public sector has significantly surpassed the private sector in terms of total absorption of the expanded student body. Between 1997 and 2010, the number of students at all levels in public HEIs in the Federation doubled, yet in the academic year 2010/2011, the private HE sector enrolled less than 10% of the student body in the entity, while in Republika Srpska this was more than 40% (Branković and Branković 2013). In 2003, when the current law was adopted, there was only one public higher education institution operating in Montenegro – the University of Montenegro, while the University of Donja Gorica, the first private university, was founded in 2006. In the meantime, both sub-sectors have expanded in terms of the number of their constituent units, with other institutions were being founded as well (Branković 2013).

Looking at the growth of the system and development of the institutional landscape in the last decade, Albania presents a very interesting case, particularly after 2005 when the first recognised private HEI appeared. During

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2 Branković, J. The rise and growth of private higher education in the Western Balkans – a temporary trend?, Retreived from http://www.herdata.org/in-focus/the-rise-and-growth-of-private-higher-education-in-the-western-balkans-a-temporary-trend/31, 28 August 2013.

the 1990s and until 2005, the total number of HEIs remained virtually unchanged, with the public sector being the only one in place. Between 2004 and 2010, the total number of HEIs went from 12 to 41, with only one new HEI established in the public sector. At the same time, the total number of students at ISCED 5 level increased by more than 50%. The private sector underwent a larger expansion, but is today still far smaller than the dominant public sector (Xhaferri and Branković 2013). Croatia, on the other hand, has proven to be the least 'fertile' soil for the growth of the private sector. The majority of Croatian students are enrolled at public HE institutions (93%) and only 7% study at private HEIs (Šćukanec 2013). Finally, when it comes to Kosovo, at the moment there are 22 private HEIs (Zgaga, Klemenčič, Komljenovič, Miklavič, Repac, and Jakačić 2013), while back in 2000 there were only one public and two private HEIs (Baketa 2013). Most of these private HEIs were established in the last several years, taking place in parallel with the establishment of new public HEIs. It has been reported (Baketa 2013), however, that some of them operate without formal permission which, as already noted, is not unheard of in other countries in the region. However, it is not possible to determine the number of students in Kosovo, in particular in the private sector, due to the fact that a central registry of operating HEIs does not exist and the number can only be estimated by taking into account reports using different sources.

With regard to government policy, we cannot not say that in any of the WB countries privatisation came as the government's explicit policy action in the direction of more market-driven dynamics and toward reducing the public cost of HE. It is rather the direct consequence of a combination of factors such as increasing demand, governments' general inexperience with market steering approaches, their lack of profound concern with higher education due to more acute issues ailing these countries in the past two decades, such as war, political instability, economic transition, international demands and pressures focused around other pressing issues, to name a few. Even though all the governments have allowed private HE to become part of the system, steering its growth toward broader public benefit is a step no government in the WB region has taken, at least not in the form of a well-developed and explicit plan prior to its first moves in the direction of privatisation.

Delineating the institutional environment

In all the countries today, private and public HEIs are regulated by the same law and are in principle considered to enjoy equal status. Private providers

are expected to fulfil similar formal requirements as public providers in order to become part of the HE system. However, if one takes a more in-depth look at the regulatory framework and the broadly shared beliefs about the differences between public and private institutions, the scope of action does not appear to be the same for organisations of the two sub-sectors in any of the Western Balkan systems. As an attempt to highlight how the institutional environment is effectively different for public and private institutions, we looked at four aspects of the environment in which private HEIs operate, which are taken as *a priori* rules of the game, both formal and informal. The informal rules are understood as generalised and often implicit assumptions about the appropriateness of certain organisations and are closely linked to the notions of legitimacy and shared beliefs mentioned above. As for formal rules, these refer to the extent of private institutions' formal autonomy when compared to public HEIs, formal criteria for being granted permission to operate as providers of higher education (or quality control) and access to vital resources. In the remaining part of this section we outlined the way both types of rules are manifested in Western Balkan higher education systems.

Shared beliefs and organisational legitimacy

Legitimacy is an important concept in understanding how organisations interact with their environments, as it directly affects their position with respect to other organisations (Suchman 1995; Pfeffer and Salancik 2003; Levy 2002). Legitimacy is defined here as *"a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions"*, while legitimate organisations are those that are *"meaningful, more predictable, and more trustworthy"* (Suchman 1995, 574-5). Legitimacy is also socially constructed as it "reflects a congruence between the behaviours of the legitimated entity and the shared (or assumedly shared) beliefs of some social group" (*ibid*.). Therefore, legitimacy is more implicit than the "hard law" and thereby pertains to the domain of informal rules. Legitimacy is said to be vital for organisations' competition for resources. In order to survive, organisations need to develop the ability to meet the demands of various groups and organisations that are concerned with or affected by their activities and need to demonstrate their usefulness for the environment, in other words, their effectiveness (Pfeffer and Salancik 2003).

With regard to their core activities or modes of interacting with the environment – the production and transmission of knowledge, universities are

in principle considered to be legitimate organisations. This is particularly the case with public universities whose chief role is seen as contributing to the public good, primarily through engaging in these activities. Private universities, on the other hand, being new to the field, engage in the process of building legitimacy to perform those core activities and this is considered a common feature of all private HEIs established in countries having a long tradition of an exclusively public HE system (Levy 2002). Private institutions' right to perform a certain role is often challenged, in particular by public organisations, even when a private HEI operates completely in line with the law. In order to survive, private institutions need to find a way to secure the legitimacy of at least some of their activities and for at least some of the potential users of their services. In other words, they need to link their actions with socially acceptable values, or even to espouse legitimate goals through building their own value system which is conducive to these goals (Dowling and Pfeffer 1975, 122).

As legitimacy is controlled by those outside the organisation, there is little a private HEI can do to deflect the social norm of a legitimate organisation and it needs to find a way to address this. This is made even more difficult when public institutions are actively involved in campaigning against the legitimacy of private higher education, which is often the case in this region, but also elsewhere. Private HEIs are often perceived to be motivated primarily or even exclusively by profit, which is considered outside the norms of legitimate practice in education provision in the Western Balkans (Branković, forthcoming; Zgaga et al. 2013). It should be noted here that this 'image' of being untrustworthy most likely has its roots in the beginnings of private HE in the region when, as already mentioned, many institutions operated outside formal HE regulations or without adequate permission. Moreover, and this is the case even nowadays, private HEIs in the Western Balkans, licenced or not, are often the result of initiatives of business-oriented individuals. Even policy makers in the region tend to perceive private HEIs as essentially driven by profit, and thus have more modest expectations from them in terms of their contribution to public good. This belief, as we shall see, is also reflected in the formal 'rules of the game.'

Institutional autonomy

Higher education legal frameworks in the countries being addressed here normally include provisions on internal governance and the organisation of HEIs, financial management, quality assurance, recognition, enrolment and

progression policy, the organisation of studies, credentials, academic promotion and other spheres of academic life. These provisions define institutions' scope of action and in principle refer to all HEIs regardless of ownership, unless specified otherwise. However, there is a general tendency among the countries in the region to grant more freedom to private HEIs when it comes to their internal organisation and governance arrangements. For instance, while the laws of Serbia, Montenegro and the Republika Srpska entity in BH require that academic staff and students are represented on the private institutions' board, they do not set the composition of the board, as is the case with public HEIs. At the same time, in the case of Croatia, Serbia, Montenegro, and Kosovo, the ministry does not play a role in the private institutions' enrolment policy, notably due to the fact that student places are not financed from the public budget, which almost automatically renders the matter outside the domain of public policy. The regulation regarding staff employment is also different and decision makers at private HEIs have more room to manoeuvre in this respect, as they tend to have less difficulty in employing and dismissing staff members, academic or non-academic.

This might also be said for financial management – the regulation tends to be less prescriptive for private HEIs in all the countries, again due to the fact that private HEIs are not eligible for financing from the public budget, even though some exceptions do exist (see the section on access to vital resources). Private HEIs generate most of their funding from tuition fees. Revenue accumulated in this way is a domain in which institutions enjoy autonomy and sometimes even public HEIs enjoy significant autonomy in relation to using such income (e.g. in Croatia and Serbia). Nevertheless, concerns regarding the transparency of private HEIs' financial dealings are not unheard of. For instance, a recent document issued by the ministry in the Federation of BH (FMON 2012) indicates that private HEIs in this entity are not sufficiently transparent when it comes to their financial management and this should be changed in order to increase their 'public responsibility'. A similar scepticism or lack of government confidence in the private sub-sector is noted in other countries across the region.

Property ownership is another matter that is treated differently for private and public institutions, a situation that varies across the region. In Serbia, private HEIs own their property (unless they rent it), unlike public HEIs whose land, buildings, and equipment belong to the state. In terms of planning, investments and other activities involving property management, private HEIs certainly enjoy more freedom. In BH, Montenegro and FYR Macedonia, the owner of the property in the public sector is the higher

education institution and there is no significant difference in terms of the rights enjoyed. On the other hand, while public HEIs in most cases have not purchased their buildings, but were given them by the state or as an endowment, all private HEIs have had to either purchase property in order to start the business or rent it, in particular with the advent of accreditation standards which normally had provisions regarding HEI facilities. Moreover, in order to be granted a licence, the HE law in Serbia, BH, Montenegro, FYR Macedonia and Croatia requires private HEIs to guarantee that they are financially capable of maintaining their activities for a number of years. This is normally linked to having all the students enrolled when applying for a licence. This, however, is not the case in Albania and Kosovo.

Sometimes in order to protect the public domain, the authorities do not allow private HEIs to establish study programmes in certain disciplines, such as medicine or law. These domains are considered to have special public interest and private HEIs are not to be trusted with "handling" them. Such cases have been identified in the Republika Srpska entity of BH. This is yet another sign of a general lack of trust in private providers and is also a matter of legitimacy.

Quality control

A prime example of a delayed regulation mechanism, seen in all WB countries, is the introduction of national accreditation as a mechanism to fend off the deterioration of quality in their higher education system that is supposedly threatened by the uncontrolled proliferation of private providers. Or it might be simply to "restore order" in the apparent chaos triggered by the mushrooming of private providers in some countries. This, according to Levy (2002), is the case in almost all the countries in which private HE is being introduced.

As a rule, in all the countries in the region, both public and private HEIs must have a licence to operate. The criteria for private HEIs to be part of the higher education system vary across the Western Balkan countries, and in all cases the process of accreditation of institutions and their curricula plays a role. In all the countries this normally follows the accreditation procedure, which, even though it serves for the same purpose, varies in how it is conducted. All institutions, public and private, need to undergo national accreditation, with some exceptions. In Montenegro, an international institution operating in the country can be provided international accreditation, while in Albania public universities have not been accredited so far even though

the law provides for this. On the other hand, private HEI in Albania had to go through the accreditation procedure. It is worthwhile noting that in FYR Macedonia the law envisages a bi-annual ranking of all HEIs in the country, while in Albania a national ranking has been commissioned by the ministry with a similar ambition as in Macedonia – to decrease the information asymmetry or simply to map a system that has become somewhat disordered in the eye of the ministry and the general public with the advent of private higher education. Croatia is an interesting case with regard to the different accreditation provisions in place for private and public HEIs. Namely, study programmes at public universities are accredited by university senates, while programmes at all other public and private HE institutions are accredited by the Agency for Science and Higher Education – an independent public body responsible for external quality assurance in HE and research in Croatia. In other words, all institutions except public universities have to have their programmes nationally accredited.

Access to vital resources

In principle, we assume that the behaviour of private HE providers is affected by the availability of resources in their environment (Pfeffer and Salancik 2003). All private HEIs in the Western Balkans depend on students' paying tuition fees as a major, if not the only, revenue channel (also reported in Zgaga et al. 2013). As a general rule, private HEIs in the region cannot access public funds for higher education. There are certain exceptions, however. In FYR Macedonia and Montenegro, the government can allocate finances to private HEIs for study programmes which are deemed to be of public interest, in which case financing is provided. The law in Croatia also foresees the possibility of the government allocating finances to private HEIs under certain conditions determined by the National Council for Higher Education, e.g. that the institution's activities cover a field of specific interest to the state which is not covered by public institutions (Šćukanec 2013). Similar possibilities have also been discussed in Serbia, notably under the pressure of private HEIs, butt these have yet to become part of the regulations. In terms of their orientation to profit, in all countries but Albania and Kosovo, HEIs are not allowed to operate on a for-profit basis. In Albania, most of the private HEIs are founded for profit reasons and 3 out of 44 operate as not-for-profit HEIs (Xhaferri and Branković 2013).

Being new to "the game," private higher education institutions struggle to stay in it and, if possible, thrive. Governments, to say the least, are not as

generous toward private institutions as they are toward public institutions in terms of the level of subsidies and other types of support. This is owing to the scarce resources available[3] and the unquestioned priority of supporting public HEIs over private. Thus, competition for resources becomes an essential part of system dynamics. Expansion in terms of enrolments and increasing privatisation of the public sector increases public HEIs' dependence on third stream revenue, and competition for resources, most notably for students in this case, becomes even fiercer. With the legitimacy of private HEIs' practices often being contested by various actors in their environments, in particular by HEIs pertaining to the public sub-sector, only makes the environment for a private organisation all the more challenging.

In conclusion, the conditions under which public and private sub-sectors operate are different with regards to the extent of regulation and access to resources, even though in all countries in the region they are to be considered equal before the law. Moreover, even though there are variations across countries, we do not consider these critical for the positioning strategies, as the general manoeuvring room for private HEIs is firmly defined by the formal rules set out in accreditation standards and other considered aspects – internal governance, financial and property management, on average take private HEIs in the direction of more autonomy compared to public ones. Admittedly, exceptions are apparent in the cases of study programmes where certain disciplines remain out of private providers' reach, yet most countries do not resort to these measures. While private institutions tend to have a broader scope of action in terms of their internal organisation and the way they perform their core tasks, they have more limited room for manoeuvring with regards to the resources they can mobilise. The difference is particularly present in the domain of informal rules, where private institutions are considered to be second-choice institutions, of lower academic quality than public ones, driven mainly by profit and not oriented towards the public good, which overall brings into question their legitimacy as a tertiary education provider. This, as it has been argued in the introduction, is expected to affect private institutions' positioning in the environment in which they operate and their survival strategies in general.

3 Higher education as a sector has rarely been among the top priorities of any WB government (investment) agenda in the past two decades.

Organisational positioning

As implied in the introductory part, the argument in this chapter rests on the assumption that the positioning of organisations is the result of *"both organizational action and environmental determination"* (Fumasoli and Huisman 2013, 162). In other words, organisations are expected to be affected by various constituents of their immediate environment, yet do not remain passive in this process. In general, in responding to their environment as a way of increasing their chances of survival, organisations would either take the direction of differentiating themselves in an attempt to develop a unique recognisable image and occupy a market niche, or they would try to imitate other organisations which they perceive as successful (Teixeira and Amaral 2002). To illustrate, in the areas in which public HEIs enjoy an undisputable leadership position, we would expect private HEIs to tend to emulate, and to avoid deviating from the standards set by public HEIs or general public expectations as they perceive them (Levy 2002, 17). Apart from the drive for legitimacy, there is also the convenience explanation of what on the surface appears to be emulation and private HEIs may simply *"copy the curriculum offered at the public institutions, for reasons including convenience and a drive for legitimacy. Their professors may teach or have taught at public places, or at least were educated there"* (Levy 2006, 7). Mimetic behaviour is, after all, believed to be vital in signalling social fitness and reducing uncertainty (DiMaggio and Powell 1983).

In trying to differentiate and pursue a niche of distinctiveness, organisations can engage in *"selecting a favourable environment"* in terms of market research in which *"the organisation must identify and attract constituents who value the sorts of exchanges that the organisation is equipped to provide"* (Ashforth and Gibbs 1990, in Suchman 1995, 589). Similarly, they may engage in niche building (Fumasoli and Huisman 2013). An explanation of this behaviour may also be sought out in the notion that environmental demands often are conflicting and it has been suggested that a single organisation cannot survive if it has responded completely to all of them (Pfeffer and Salancik 2003, 43). Therefore, organisations often need to focus their attention in order to maximise their capacity to mobilise resources. They can also choose to differentiate functionally, in terms of the roles they play in a diverse environment, or hierarchically, in terms of their standing or rank relative to others in the hierarchy of institutions (Bleiklie 2003). As is the case in other countries of Central and Eastern Europe, in securing vital resources private HEIs in the Western Balkans focus on potential students, since this is where their core funding comes from and where the demand for their

services appears to be the highest. Thus, we assume that they are interested in appearing *"meaningful, more predictable, and more trustworthy"* (Suchman 1995, 574-5) in the eyes of prospective students, i.e. in being perceived as legitimate providers of HE. Finally, their emulation and differentiation strategies could also be directed towards building legitimacy within the existing belief system or, perhaps, be aimed at changing the perceived belief system.

Even though it has been acknowledged that organisations could engage in strategic action and seek to influence their environment in order to reduce uncertainty, especially when vital resources are at stake (Pfeffer and Salancik 2003; Oliver 1991), this type of agency falls beyond the scope of this chapter. Rather than looking into how organisations engage in institutional entrepreneurship with regards to their environment, we are interested in how they position themselves in a "given" institutional framework, and in particular how they engage in building their legitimacy in the environment as they perceive it, notably through seeking to emulate public HEIs or differentiate from them. Along the lines of Suchman's (1995) typology of legitimacy-building strategies, we understand the process of emulation as a way to conform to the already established formal and informal rules in the environment and the belief system embedded in it, while differentiation is essentially a selection process in which organisations target audiences, build niches, profile themselves, and engage in other practices which would help them be or appear to be distinct and ultimately increase their chances of survival. Therefore, differentiation and emulation could take place simultaneously by one organisation, yet along different or perhaps conflicting sets of beliefs that the organisation has perceived to be shared by its target audience. Concretely, an organisation could emulate a competitor who is perceived as successful in mobilising vital resources (in this case in recruiting students) by engaging in similar behaviour based on a certain set of values or beliefs, while at the same time it can identify a different set of beliefs shared by its target group, but which is either conflicting with or simply not reflected in its competitor's practice, in which case it would seek to differentiate. As an illustration, university "A" might seek to participate in international projects if it perceives that students value this positively at university "B," but if university "B" is at the same time a rather old-fashioned university – and this is by and large perceived as negative – university "A" would seek to be modern in its approach, as being modern may give them a competitive advantage and ultimately strengthen their position as legitimate providers of higher education.

In this section we look at the ways in which private HEIs seek to position themselves in the environment in general and with regards to public

providers in particular. Specifically, we look into several aspects of their practices in order to identify how they engage in emulation and differentiation with the aim of positioning themselves. Since private HEIs in the region are predominantly teaching institutions and oriented towards students as a vital source of financial means, we focus on those aspects of their practices that are of relevance to teaching. Having previously delineated the institutional environment in which they find themselves, we now look into what kind of institutions they want to be, or appear to be, in the eyes of students, what kind of study programmes they develop, which modes of delivery they resort to, the characteristics of their academic staff and students, etc. in this particular context.

With regards to the types of institutions, most of the largest private providers are recognised by law as being universities, or they simply have the word “university” in their title, even though the emphasis on teaching rather than research, as well as on the applicability of the knowledge they provide would suggest that they are more vocational than academic in their orientation. In some of the countries in the region the use of the word “university” in the name is protected, while in others it is not (Zgaga et al. 2013). Being called a university is also a matter of legitimacy and a way for private providers to emulate what they consider important to students at public universities. Even the largest private universities, such as Singidunum and Megatrend in Serbia, Sinergija in BiH, or FON in FYR Macedonia, are far less comprehensive than an average public university, in terms of the disciplinary fields they cover, as well as in their focus on research activities, apart from teaching, the presence of basic research and doctoral education, etc. Having said that, the word university or the legal status as such has little to do with the idea that the organisation in question is both a teaching and research one, but rather with the public image they are pursuing. In other words, depending on how they would like to be perceived, or who their target groups are, they may choose to be called a school, university, college, polytechnic, etc., as all of these have connotations in their respective contexts.

Regarding their location, most of the private HEIs in the region are based in the capital, while the largest among them often have branch “campuses” in other cities, often regional hubs or places where it is estimated that bringing HE closer to potential students could increase enrolments, by increasing their general accessibility. For instance, in Albania, of the 44 private higher education institutions, 37 are located in Tirana (Xhaferri and Branković 2013). In the case of BiH, there are two or even three cities which act as *de facto* main hubs for private institutions and have the characteristics

of capital cities. Sarajevo and Banja Luka stand out as the cities in which the largest private HEIs are located. That said, with regards to location, private providers tend to bring education closer to those in remote areas (remote from traditional university centres), but also to be present in the country's HE 'hubs' since there is a general trend of younger populations migrating to larger cities in all the countries in the region.

In terms of access, on average, private HEIs tend to have higher tuition fees. However, when this is not the case (as with the largest private HEIs) tuition fees still fall more or less in the same range as those of public HEIs. Tuition fees sometimes cover books and other study material which is the case with some larger private HEIs and is almost never the case with public HEIs. Also, higher tuition fees are more likely in institutions that are based in the capital city. In the interior of the country, private HEIs tend to have lower fees, as it is the case in Albania (Xhaferri and Branković 2013), but also Serbia and FYR Macedonia. Arguably, private HE has provided access to HE for those who might not have been able to access it, were it only for public HE. Even though this appears to be a paradox, given that private HEIs charge tuition fees, the fees themselves do not necessarily represent an obstacle compared to the public sector, given that in some countries similar fees are charged by public HEIs. Still, in the course of massification, private HE has become the second choice to public HE for traditional students, which has contributed to the fact that, on average, better-performing high school graduates end up in public HE. This, in turn, has allowed public HEIs, especially universities, to be more selective, which to a certain extent hinder the potential ambitions of private HEIs to profile themselves as elite institutions. Apart from isolated departments or, even in some areas faculties, no private HEI in the region could qualify as an elite institution in the traditional sense of the word. However, they often are the destination of those coming from well-off families or even have highly educated parents[4]. Even though many attempt to build this image for themselves, while some have even set their ambitions in this direction by hiring well-established academic staff that then develops and delivers attractive courses, private HE fails to attract the most promising youngsters finishing high school.

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4 The EUROSTUDENT Survey in Croatia reports the following curiosity with regards to the parental education of students: *"Whereas 27% of students in professional studies at public institutions have at least one parent with a tertiary level of education, the percentage stands at a much higher 48% among students in professional study programmes at private institutions."* (Cvitan, Doolan, Matković and Farnell 2011, 37).

Similar to public institutions, private HEIs engage in international partnerships, but unlike public ones that are most often seen in international development or research projects, private HEIs are sometimes a product of a joint venture in establishing a HEI, which is never the case in the public sector. Examples of this are be a number of universities in BiH, such as the International University of Sarajevo, established by the Foundation for Education Development Sarajevo, set up by *"a group of businessmen from Turkey and several intellectuals from Bosnia and Herzegovina,"* (Branković and Branković 2013, 13), as well as the International Balkan University in FYR Macedonia (Vujačić, Đorđević, Kovačević, and Šunderić 2013) or the American University of Kosovo, established as a partnership institution with the Rochester Institute of Technology from the US. Private HEIs can also engage in international partnerships in delivering study programmes. An example of institutional cooperation in programme delivery would be the International Burch University in BiH which cooperates with, amongst others, the Romanian University "1 Decembrie 1918" of Alba Iula, the US Texas A&M University-Commerce and Turkey's Ataturk University (Branković and Branković 2013). In Macedonia, for instance, Franklin University of Ohio, USA offers a programme at St. Clement of Ohrid University in Bitola (Vujačić et al. 2013).

In all the countries in the region, private HEIs tend to cluster their study programmes into fewer disciplines than the public sub-sector does, which gravitates towards the soft-applied areas. This is understandable given that the establishment of new study programmes is mostly demand-driven. Demand is, at least in part, driven by students' perceptions of what is more likely to bring future employment. Due to the fact that we are speaking of countries in economic transition, where the service sector has experienced considerable growth in the past decade or two, the rise in demand for a labour force that can supply this need is expected. Another rationale behind this is the cost of establishing a programme in a soft discipline, which tends to be lower on average than it is for programmes in medicine, engineering, chemistry, etc. In Albania, 28% of study programmes at private HEIs are in economics, while 17% are in law/political sciences. In recent years, there has been a trend towards more specialised programmes such as fashion, aesthetics, and religion (Xhaferri and Branković 2013). FYR Macedonia represents a similar case. Most of private universities offer study programmes in social sciences – economics, law, communications, political science, public administration, management, and IT (Vujačić et al. 2013). In Kosovo, economics, law, banking and finance have been reported to be well covered by the

private providers, but also psychology, computer science, health, physiotherapy, as well as other areas with high demand from students (Baketa 2013). In Montenegro, fields such as tourism, transport, business, IT, visual arts, law, languages and even food technology have been the main areas around which new institutions have been set up (Branković 2013). In Serbia, private universities are founded mostly in the areas of *"management, business economy, IT, finances, banking, public administration and business law,"* while non-university HEIs are in the areas of *"construction, mechanical engineering, electrical engineering, textile industry, agriculture, and food technology"* (Vujačić et al. 2013, 21). From another perspective, out of ten accredited private universities in Serbia, eight offer study courses that are in the domain of business and entrepreneurship, whereas nine have management-related study programmes, etc. (Vujačić et al. 2013), and there are also, albeit few, private faculties in the field of medical, technical and mathematical sciences. In sum, in the case of study programme areas, we have a combination of *more* higher education and *different* higher education logics behind (Geiger 1986), while institutions are driven both by what their critical constituencies (i.e. prospective students) seek and by the actual risk related to the size of investment.

In principle, and according to regulations in WB countries, private HEIs organise their programme delivery similar to public ones. However, they do tend to offer more flexibility and be more accessible to the non-traditional students, such as the employed, part-time students, adult learners, students with children, and other groups that for various reasons cannot or prefer not to have their studies organised in a conventional manner, e.g. too many contact hours, required presence at lectures, inflexible timetables etc. Instead, they are more likely to offer distance learning, evening lessons or weekend lectures than public HEIs are. Furthermore, private HEIs tend to focus their offer on the bachelor level, or even on non-degree courses, and then on the master level, while doctoral education is not even on offer at many private HEIs, yet it is not completely unheard of. Therefore, in the context of mode of delivery, private HEIs tend to be more inclined towards being different than to copy the practices of public providers. This may as well be facilitated by the notion that in all the countries, many lecturers are full-time employees elsewhere, or even at another university in the country or abroad (Vujačić et al. 2013), which makes it difficult for private HEIs to schedule their lectures during e.g. work-day mornings.

The majority of the academic staff in the first private HEIs in a country used to either have previous careers in the public sector or were simultaneously employed in both. In some countries, such as Serbia, regulation was

at some point amended so that one person could not hold positions at two universities. However, the law does not prevent staff members from lecturing at a university abroad and there are numerous cases of e.g. a professor from a Serbian university teaching also at a Bosnian or Montenegrin university. Even though the criteria for hiring teaching staff in private and public universities are the same in principle, private universities tend to be more attractive if a member of academic staff aspires to be promoted to a higher rank at a faster rate (Vujačić et al. 2013). In a somewhat similar fashion, the private sector in Kosovo is largely dependent on academic staff coming from the University of Pristina. According to a recent report, this is considered to be a reason behind the private institutions' tendency to offer full-time positions to retired professors or that some professors work at several institutions, in order to meet accreditation requirements (Baketa 2013). This practice is also present in other countries in the region.

With regards to salary rates, there is little publicly available data. According to a recently published report (Vujačić et al. 2013), the salary of an academic staff member at a private university in Serbia can equal up to 5 average salaries in the country, while in public universities they can go up to 3.5 average salaries. In Albania, some private HEIs are reported to offer better salaries and work environments, such as modern facilities, to staff in order to be more attractive as employers (Xhaferri and Branković 2013). On the other hand, the security of employment is usually less guaranteed, as is the case with private firms. In general, private HEIs work towards being an attractive employer and they compete with public ones in attracting academic staff with well-established careers that could add to the quality of offer or, simply, improve their public image. However, they sometimes seek to be different and offer teaching positions to individuals who may appeal to young people even though they do not have a strong academic background or none at all, such as politicians, athletes, artists or various other public figures of acclaim. This, however, often jeopardises institutions' legitimacy-building.

In sum, it is evident that private institutions seek to be perceived as an alternative to public HE in the areas which would be considered closer to graduates' future employment and therefore be more attractive. Apart from their ambition to provide different HE, they also seek to be perceived as legitimate institutions of HE which have embraced a different approach to delivering higher education, rooted in their perception of what their target group believes in. They strive to be modern, flexible, applied, accessible, international, and in some cases even more affordable than public higher education. In this way, they try to position themselves as different through

selecting among multiple values in the environment, i.e. as *functionally* different. But at the same time they have a lot in common with public HEIs, mostly because they need to comply with, for the most part, the same formal rules, but also due to the fact that the majority of their staff still comes from public HEIs or at least have had their own higher education in a public HEI. Therefore, there seems to be less room for emulation in the direction of social fitness outside of what is already prescribed by the regulatory framework, given that it is rather detailed and, by and large, makes little distinction between public and private in terms of the freedoms they enjoy. In other words, what is perceived as an asset of public HE – recognisable internal governance arrangements, quality assurance related activities, organisation of studies, criteria for promotion, *inter alia*, is already set out in the formal rules, leaving little to the private HEIs to copy from public ones. On the other hand, the *hierarchical* differentiation which is implicitly present in each system in the region, and is even reinforced in some cases, as we have seen in the case of national rankings in Albania and Macedonia, affects private providers' positions and abilities to mobilise vital resources. However, given the very much embedded perception of private HEIs as institutions inferior to public ones, when it comes to the academic quality of educational provision and the illegitimacy of profit-motivated educational provision, it seems that there is little they can do to position themselves differently in this respect, at least as long as this perception remains. On the other hand, though competing with public institutions is less likely to bear fruit in this respect, there may be more manoeuvring room for positioning *within* the private sub-sector.

Conclusion

It is without doubt that private HEIs have played a role in the massification process in Western Balkan countries, having managed to accommodate a significant portion of the expanded and diversified student body, even though in all the countries the public sub-sector has been the one to grow more, in terms of enrolments. In this chapter we have tried to demonstrate that despite policy makers' attempts to put public and private higher education at par with each other, the institutional conditions in which these two sub-sectors operate are essentially different, which consequently affects private institutions' positioning in the environment, with regards to public providers in the first place. Still, in order to survive, private institutions need to position themselves, and in doing so strengthen their legitimacy as institutions of higher education, primarily in the eyes of potential students – the institutions' vital

source of revenue. Their positioning strategies emerge as a mix of attempts to emulate and differentiate. In the latter case, it appears that it is more possible for them to develop functionally different characteristics with regards to public HEIs, while there is little room for them to change their hierarchical position relative to public institutions, due to them being largely perceived as profit-driven institutions. This is further fuelled by their general tendency to engage in low-risk behaviour. With regards to emulation, their scope of action seems to be rather narrow beyond what is already foreseen by formal rules, which by and large make little distinction between public and private in terms of autonomy provided. Notably, as the demographic trends in some countries in the region indicate that the number of potential students will continue to decrease in the years to come, the competition promises to become ever fiercer. We could therefore expect that those providers that have managed (or will manage) to position themselves, that build a lucrative niche in the student market, or that secure a higher level of legitimacy compared to other private institutions, will have higher chances of survival.

For the sake of comparison, it would be interesting to place the Western Balkan case against the backdrop of other European countries. Back in 2002, Teixeira and Amaral drew the following set of conclusions on private HE in Europe:

> In general, though, the more recent private establishments, created to satisfy increasing demand for HE, have nonetheless focused predominately on teaching, have undertaken little, or no, research and appear to be of lower quality than the older institutions. The private sub-sector is characterised mostly by its low-risk behaviour, and a concentration on low-cost and/or safer initiatives. Public authorities must share at least a partial responsibility for some of the negative side effects of the development of private higher education. (2002, 359)

Placing the Western Balkans in this perspective, we could also argue that the privatisation of HE by introducing private providers in the system, either to play a role in massification or in diversification, is far from a success story. As the authors above assert, the authorities are most responsible for not succeeding in steering privatisation and the role of private HE in the direction of building a truly competitive system which would, in turn, drive quality and ultimately maximise social benefit. Instead of securing that private and public institutions operate as one integrated higher education system, the Western Balkan governments have let them grow virtually past each other but ‘under the same roof.’ Therefore, if Western Balkan governments are to take full advantage of privatisation and the market mechanisms at play, their policies with regards to private higher education need to be revisited.

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