ECONOMIC THOUGHT ABOUT PRIVATE SECTOR EDUCATION: POLICY IMPLICATIONS FOR MANAGEMENT OF UNIVERSITIES IN AFRICA

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ABSTRACT

This study provides relevant economic ideas that can assist Nigeria and other African countries in making innovative policies at privatizing university education. A review of the education market scene on the continent provides an imperfect market with adverse consequences occasioned by inadequate information and unbridled competition. Advocating a joint role for sharing the costs and benefits of university education between government and private sectors, the study suggests a four-policy option for adoption by Nigeria and other African countries. These are, in ascending order of importance:

- regulated private,
- subsidized private,
- competitive private, and
- complementary private systems of university education

Using the Backcock University in Nigeria as an example, this paper demonstrates the positive managerial influence of a competitive and complementary system of private university. Nevertheless, to forestall market failure, this study rounds off by pointing out the reformatory, regulatory and redemptive roles of government in the management of private universities in Nigeria and other African countries.

Keywords: Private university, government and private sectors, market.

INTRODUCTION

The decade from 1990 witnessed an upsurge in the number of private institutions of learning in Africa in general and Nigeria in particular. Before this decade, most African countries committed much of their expenditures on public education, which served as an instrument for building the nation, following independence. Today, there is an increasing pressure on African governments to shift from subsidization to privatization of their education systems especially at the university level. This pressure arises from economic liberalism, growing political pluralism, rising public demand for education in the face of a

declining economy and increasing competition among public sectors, as well as lingering government's failure in the provision of qualitative schooling.

In Sub-Saharan countries, the number of private institutions of higher learning grew from 30 in 1990 to over 85 in 1999 (IBRD/World Bank, 2002). Much of this expansion has occurred in Anglophone countries where economic liberalization is now well established. These countries include, Kenya (21 institutions), Tanzania (14), Ghana (12), Uganda (11), Nigeria (6) and Mozambique (5). While the existence and spread of private primary and secondary schools are not new in Nigeria, the rise in the number of private universities is a recent phenomenon. In 2003, apart from 16 degree awarding institutions, Nigeria had 49 universities comprising six operational private and 43 public universities (JAMB 2003). These public universities consist of 24 federal and 19 state institutions distributed among the 36 states of the federation.

Enrolment figures for private universities in Nigeria are not yet available in a reliable form but with the available data on the numbers of institutions, the private sector provides and finances only 12.2% of the university education in Nigeria. This implies that the country provides and finances most of the university education. However, apart from encouraging private investors to open new universities, the Federal Government of Nigeria, if it had its way, is likely to privatize at least some of its universities by selling them to the private investors. The government hopes that by so doing, privatization might lead to an open accounting system, stability in Nigerian universities, sustainable growth and improved finances (*The Guardian*, June 15, 2004: 18).

The privatization moves of African governments in general and Nigeria in particular hinge on the America's free market enterprise, based on the view that economy operates best when government leaves businesses and individuals to succeed or fail on their own merits in open, competitive markets. This concept came from the economic theory of Adam Smith who believed that as long as markets were free and competitive, the actions of private individuals, motivated by self-interest, would work together for the greater interest of society. Nevertheless, good governance should ensure that private or self-interest does not jeopardize public or society's interest and vice versa.

According to an outline of the U.S. economy published by the State Office of International Information Programs, 2004, the history of American economy has seen the pendulum swings repeatedly between laissez faire ("leave it alone") principles and demands for government interventions through economic and social regulations. America (where there is a good governance) uses the economic regulations (control of prices) to protect the consumers and small businesses, while it uses the social regulations to discourage harmful and socially undesirable corporate behaviors. Free economy works in America because it has the ability to make it work. America creates, protects and enforces property rights that promote proper private behaviors and market functioning. America provides a regulatory regime that works with the market to promote competition.

It changes directions through regulations and deregulations without necessarily changing focus on efficiency and equity. It also makes macroeconomic policies that create a stable environment for market activity. America provides an environment for a relative absence of corruption, which can subvert the goals of policy and undermine the legitimacy of the public institutions that support, markets (World Development Report, 2002:99). If Nigeria and other African countries adopt market system of university education, will they be able to protect the consumers and young proprietors from institutional monopoly using the right instruments of public action? What is the guarantee that private provision will not fall short of economic and social expectations? What will be the responsibility of these governments in terms of university education? What will be the fate of the poor? Economic theories provide scientific answers to these questions.

The assertion of Romer (1993:543) as quoted in Meier and Stiglitz (2001:5) that "nations are poor because their citizens do not have access to the ideas that are used in industrial

nations to generate economic value" inspires the logic of presentation in this study. In fact, the purpose of this work is to provide relevant economic ideas, which can assist Nigeria and other developing countries in making policies concerning their innovative efforts at privatizing university education. A logical starting point for this paper is the theory of human capital as it affects investment in university education.

HUMAN CAPITAL THEORY AND PRIVATE UNIVERSITY ARGUMENTS

Key theses in this discussion pivot around the statements that investment in university education should be a shared responsibility of both the public and the private sectors of the economy and governments have some roles to play even in a free-market system of university education.

The argument in favour of private involvement's in university education hinges primarily on the theory of human capital, which states that education is an investment in human beings, which increases productivity and hence recipients' earnings (Eicher, 1998). Like physical capital, human capital has four main characteristics; namely, it is capable of reproducing itself with time; its pay-off time is long; the building-up time is equally long and costly (say about 18 years for medicine), and it depreciates with time. Consequently, a rational and well-informed man will therefore determine his level of studies to maximize the difference between its costs and future benefits (differential life earnings). Since university education increases productivity and earnings of the recipients, a rational and well-informed individual should be willing, if able, to invest in such education.

Based on the assumption of perfect market of education, three efficiency arguments further strengthen this human capital view. First, concerns the reduction of waste by students and their parents. The general belief is that the higher the cost borne by students the more rational students and their parents are in reduction of wastes (in terms of time and money). The second is the choice argument that the more students pay for their education, the more pressure, rational and informed, students and their parents put on the institutions to provide courses they wish to study. All other things being equal, this pressure can contribute to a positive change in institutional policies on courses offered, teachers and quality of education.

In many parts of the world, increased competition from private institutions has brought about greater diversity and choice for students and has served as a powerful incentive for public universities to innovate and modernize (IBRD/World Bank, 2002:72). The third argument concerns institutional autonomy. That the more students pay, the more the financial autonomy, diversity of sources of funds and innovative capacity of a university and the less the grip of the state. The IBRD/World Bank, however, agreed that "market forces can have adverse consequences if there is unbridled competition without adequate regulatory and compensatory mechanisms". Two other arguments that develop from the assumption that the education market is far from being perfect also weaken the human capital view that individuals should invest in university education and this will be the focus of the next section.

IMPERFECT MARKET THEORY AND PUBLIC UNIVERSITY ARGUMENTS

Public goods refer to commodities or services that if supplied to one person can be made available to others at no extra cost (Todaro, 1992:503). This is because such goods or services generate external benefits and/or costs, which affect society as a whole but are not captured by individuals. University education generates positive externalities to other people than the graduates; such as crime reduction, increase in social cohesion, technological innovations, fertility reduction, increase in standard of health, improved nutrition and intergenerational benefits which refer to the benefits parents derive from their university education and pass on to their children (Psacharopoulos and Woodhall, 1985: 53).

Since these external benefits or costs uncontrollably spill over to other members of the community, they are always very difficult to identify and measure. This problem of externalities further affects the supply of and demand for some courses and the quantity of basic research since rational private people might be unwilling to invest in activities, which generate benefits to those who do not pay. At the same time, rational consumers might not be willing to pay money for courses and basic research, which produce free spillover benefits to every body at no cost. In situation like this, we therefore say that there is a market failure or imperfection since market cannot use its mechanisms to prevent people who have not paid to enjoy the spillover benefits or enforce those who have enjoyed the external benefits to bear a corresponding cost. Consequently, governments intervene in the production process to bring social and private demand to a balance. The second argument that weakens the human capital view of private participation in university education is linked with incomplete information especially at the side of the consumers. One assumption underpinning private market of university education is that rational adults are capable of making informed decisions and choices and ready to pay for the consequences of their decisions and choices. However, students are incapable of appreciating the quality of services and more especially of assessing the advantages (especially future higher earnings) their training will bring them (Eicher, 1998:37). Most students are uncertain about the future benefits and satisfaction university education could bring. Many of them make irrationally and uninformed decisions concerning choice of institutions and courses.

Capital market imperfection further distorts one of the basic assumptions of the human capital theory since access to affordable loans frequently remains restricted to majority of students with limited resources. Dropout and failure rates of students with limited resources can help in estimating the probability of realizing the given values of net benefit of their university education. Private universities can minimize some risks that involve students with limited resources through access to education loans or insurance. Even in the developed countries, most private colleges and universities are not accessible for low-income students without extraordinary financial sacrifice. Where they are available, loan eligibility is restricted to courses with high market values such as engineering, business management, law and medicine. They are not available to socially important disciplines such as history, languages and even mathematics. In a similar vein, research grants are not always available to basic research that has no market values. Governments may therefore, intervene in private university education to minimize the risks of failure and dropout by students who have limited financial resources or whose sponsors die in the course of their studies.

Free-market system of university education has its advantages and disadvantages. As earlier said, it can have adverse consequences if there is uncontrolled competition. From an equity perspective, imperfect-market system of private university may lead to exclusion of those who cannot afford to pay tuition at private universities or of those without access to financial aid. The advantage of increased institutional choice created by the existence of private universities might be wiped off by risk of dropout during financial crisis by those with limited access to financial resources. To correct these market imperfections, government has to play some roles in university education. According to IBRD/World Bank (2002), in Russia, the introduction of tuition fees without accompanying student financial aid mechanisms has had a negative effect on equity.

From quality perspective, an imperfect-market system of private university if uncontrolled may lead to competition on unequal terms among universities. Private universities are likely to have more access to private financial resources than their public counterparts. One cannot rule out the possibility of wide salary gap in favour of private universities making it difficult for the public universities to attract the best university teachers and researchers. From efficiency angle, unbridled imperfect-market of university education could lead to staff wastage or brain drain in a global labour market of university teachers since there is likely to be a human capital flight to countries where there are higher salaries.

A government has a role to play in minimizing these adverse consequences of imperfection in a free-market system of university. The next few sections of this paper dwell more on possible government roles, responsibilities and responses to social changes.

PUBLIC-SECTOR THEORY AND MIXED UNIVERSITY ARGUMENT

Public-sector economy is concerned with the proper role of government in modern market-oriented economies (Greenwald, 1982:962). It is not interested in postulating that public sector should replace private sector economy. Rather, it is concerned with the right mix of private and public actions. Consequently, issues emanating from the theory of public-sector education revolve around the appropriate roles governments should play in education to correct market imperfection in university education. The theoretical base for arguing that university education should be a shared responsibility between both public and private sectors of the economy is the joint-beneficial nature of university education as a quasi-private good.

Table: 1
Potential Benefits from University Education

Benefits	Private	Public
Economic	➢ Higher salaries ➢ Employment ➢ Higher savings ➢ Improved working conditions ➢ Personal and professional mobility	➢ Greater productivity ➢ National development ➢ Reduced reliance on government support ➢ Increased consumption ➢ Increased potential for transformation from low-skill industrial to knowledge –based economy
Social	➢ Improved quality of life for children and self ➢ Better decision-making process ➢ Improved personal status ➢ Increased educational opportunities ➢ Healthier lifestyle ➢ Higher life expectancy	➢ Nation building and development of leadership ➢ Democratic participation: Increased consensus and perception that the society is based on fairness and opportunity for all citizens. ➢ Social mobility ➢ Greater social cohesion and reduced crime rates ➢ Improved health of the citizens ➢ Improved basic and secondary education.

Source: Adapted from the IBRD/World Bank (2002): 81

Despite the methodological problem associated with measurement of the benefits of university education to the society as well as to the recipients, IBRD/World Bank has shown that university education generates enormous benefits to both parties (Table: 1). The belief is that those who benefit from university education should bear a corresponding share of its costs. The existence of these important economic and social benefits indicates that the costs of inadequate investment (on either side) in university education (4-5% of GDP on education and 15-20% of budget on tertiary education) can be very high (IBRD/World Bank, 2002).

While the general tendency is to supplement public university with private schooling, private tutoring and private financing, various countries have come up with various policy options concerning the right mix of public and private responsibilities in university

education. However, owing to practical problems associated with these, this paper will discuss four modified approaches that can be used as alternatives to the two major extremes (purely public and purely private) in the privatization of university system.

At one extreme of the continuum is the purely public university system in which the state supplies finances and controls all universities in a country. Nigeria was practicing this system until recently. The economic foundation for purely public system of education is the concept of market failure. Under this market system, the university generates socially undesirable results such as mismatches between manpower supplied and the labour market requirements (unemployment) as well as disequilibria between what universities could supply and what fully informed rational consumers of university education and research would demand (Musgrove, 2004). The market fails when university education is inefficient or inequitable or both as a result of unregulated and unsubsidized private market. Once government notices this malfunctions in the system of private market of university, one of its responses is a complete take over of universities in the interest of the economy and the society.

At the other end of the continuum is the purely private system of education or a completely free market of education where there is no state intervention in the ownership, financing and administration of education. Being a free market enterprise, the market or non-governmental forces determine the dynamics (changes in the quality, number of spaces available, access and equity, fees charged and location of institutions) in education. The economic basis for purely private system of education is "public failure". Public failure means that the state or the government fails to provide a socially optimal level of schooling. The belief behind purely private system is that it is more efficient and more effective than the public system because of the freedom from bureaucracy enjoyed by the private system as well as its exposure to customers' censoring eyes. The argument is that if a private school performs below expectation, private demand for such a school will drop and it will eventually close down.

However, the efficiency argument holds where there are perfect information and perfect competition. For instance, parents must have perfect information about the various fees in various institutions to make the right decision about a school. Moreover, they need to have perfect information about the differential class size, quality of teachers, technology of teaching, curriculum offerings, students' characteristics and differential opportunities in various schools. This situation is rare. In Nigeria for instance, it is very difficult to compare institutions of learning owing to lack of information. Without perfect information, there cannot be perfect competition among service providers.

Consequently, this might lead to inefficiency and inequity in the provision of schooling since private schools might be serving a very small proportion of the population at a time when the polity deserves to reach a much higher number. The parents as beggars with limited knowledge, power and choice might refuse to take action because the education providers as kings dictate and manipulate the schooling dynamics at will. In fact, the school proprietors would do anything to suppress adverse report about their institutions.

Between the two extremes, there are four policy options containing various mixtures of public and private systems of education, namely the regulated private, subsidised private, competitive private and complementary private systems of education. The regulated private education system is a modification of the purely private system. Under this system, governments allow the private sector to provide schooling under a vigilant eye of the state.

The state provides guidelines and legislation concerning the minimum requirements for the establishment of institutions of learning, their inputs, enrolments, processes, outputs and their fees. One of the limitations of the regulated system of private education is with respect to inability of private investors to bear the cost of regulations above what parents could afford. If government compels a proprietor to provide schooling beyond a bearable

minimum, then that government should bear the extra cost of raising standards. Otherwise, the proprietor would shift the cost of quality to the consumers who might not be able to bear the extra cost owing to cash problem. A modification of the regulated private system of education is the subsidized private system, which takes care of the problems associated with cost of regulations on the side of the private providers of education as well as cost of positive externalities and unwillingness to pay on the side of individuals who wish to invest in education.

The remaining two policy options (competitive and complementary private systems) are meant to correct practical problems associated with the purely public systems of education. The competitive (aggressive) private education system aims at correcting the passivity of existing purely public system of education, which by nature is bureaucratic, and with time becomes slow and unresponsive to customers' needs. The belief is that an existence of a parallel private system of education, which is by nature non-bureaucratic, will inject vigour into the whole system of education and thereby lead to 'value for money' for at least, some consumers and eventually raise the standard of education in both sectors. With this arrangement, parents and students would be able to choose between private and public schools provided everybody is financially able to pay for private education.

Unfortunately, not everybody is always able to pay even if willing to receive private education. Consequently, some parents and very brilliant students would be forced into public institutions of learning owing to financial inability. Private investors usually avoid rural locations in the distribution of private institutions, owing to low attendance and rural poverty. This means that qualified and willing rural candidates might not enjoy the opportunities provided by private schools owing to distance problems. These bring inequality to the system.

To correct these lapses, there is need for a modification of the competitive system. This brings about the complementary private education system. In this case, both sectors cooperate to produce the required attitude, skills and knowledge for building a strong and dynamic society where everybody (male or female, rural or urban, poor or rich) has access to quality public and private education and enjoy equal educational opportunity. Here, the government sees the private institutions as a necessary extension of the public and therefore, does everything including subsidization of both private institutions or/and their students.

This option seems to be most politically acceptable and of course, it is the option that Nigeria claims to be operating at present (2004). Based on this claim and the fact that university education has much characteristics of a private good with many benefits accruing to the recipients. This brings us to the gains of private system of university education in a mixed market-oriented economy, which the next section considers.

LESSONS FOR PUBLIC UNIVERSITIES FROM THE BABCOCK UNIVERSITY, NIGERIA

Babcock University is one of the private universities in Nigeria; it is owned and managed by the Seventh-Day Adventist Church of Nigeria. It will be necessary to draw some lessons from the Babcock University management practice to support our foregoing arguments. This is the essence of cultural diffusion in education, which advocates the study of educational practices across cultures with a view to extract and utilize better practices and innovations. The major beneficial ideas and experiences from Babcock University can be categorized under the following headings: financial, personnel, goodwill, tradition and culture, alumni resource, academic curriculum, land resource and student affairs management. If pains could be taken to examine critically all the previously mentioned areas, the public universities in Africa in general and Nigeria in particular could learn useful lessons.

With respect to it financial management, apart from the traditional bursary and audit departments, Babcock has a budget monitoring unit to assist in compliance with budget stipulations. This is a double assurance of financial prudence in the institution. This could be borrowed and effectively operated by public institutions, to help them solve the problem of financial misappropriation and recklessness. Budget sharing which encourages resource sharing among departments is also another means of reducing wastage and ensuring cost maintenance, which the public universities can explore.

Another aspect of Babcock university management skill that public universities in Africa could emulate is the personnel management practice. Personnel management in any institution is an complex business, which requires careful handling for the smooth running of any organization. For a proper management of staff matters, Babcock has produced a concise and comprehensive handbook, which spells out the conditions of service for her employees. This, however, is very rare in to come across in public universities. Where such is available, it is usually outdated and contains information that cannot meet the present challenges of globalization. In some cases a copy of such a handbook, when available, is kept as an archive material in the registrar's office, for consultation by members of staff. Most staff do not bother to check it anyway, thus depriving them the opportunity to be more conversant with their employment terms. Consequences of such apathy and breakdown in communication could be very grave. It is therefore, not surprising that there are incessant labour and student crises, which have sometimes, crippled the smooth running of our public universities unlike Babcock University, which keeps to the schedules of its timetable and programmes.

Another unique characteristics of Babcock University worthy of emulation in our public universities is the establishment of the parents' consultative forum. This is an association of all parents of students in the university in partnership with the university authorities. Similar to the Parents Teachers Association of both the primary and secondary schools, the body promotes the provision and maintenance of major infrastructural facilities for the sustenance of the institution academic excellence. In some occasions, it assists the authorities in calendar, planning, enforcement of discipline between staff and students and maintenance of quality of instruction. Such a body is very relevant to complement the management skills of our public universities. Hitherto, many public universities have not found any great need for, or the usefulness of such an association. This might be the result of their over dependence on their sponsors, which are mainly governments. Faced with the harsh dispensation of inadequacy of essential materials, fund, intractable incidence of cultism, drug abuse, student crises, that have conspired to militate against the smooth and efficient functioning of the university system, public universities could take a cue from Babckock experience. A corollary to the Parents Association Forum is the issue of the Alumni Association. In developed nations of the world, alumni associations are like tonic for the virility of their universities. This is because the alumni association is ready to offer timely and useful advice and suggestions for the continued relevance and responsiveness of the school programmes to society. Of course, many higher institutions in Western Europe and the Americas rely heavily on the financial and cultural support of their alumni associations. Apart from being a rallying point for old students, an alumni association also provides an interactive forum for both the old and new students of the school, and provides them the opportunity to reflect on the past examine the present and map out strategies for the maintenance of the good traditions of the school.

On many occasions, most old students develop very strong feelings of attachment, pride, love for their university, and are ready to show this appreciation through the establishment of endowment funds, scholarships, prices, cash, equipment, and building donations. Such gestures though are expressed individually at times, there is no doubt, however, that alumnus associations are the best channels for expressing such support. It is therefore gratifying to note that Babcock University though young in existence, has embraced this idea through its first set of graduates. It is also a good lesson in management for public universities.

Public universities in Africa should borrow from the practice of Babcock concerning its academic curricula management. The quality of a university and its graduates is a combination of the richness of its curricula and efficient management of resources at its disposal. To enhance the quality of its curricula, Babcock University has always exceeded the Minimum Academic Standard (MAS) set by the National Universities Commission (NUC) in Nigeria. In doing this, however, the university has never compromised standard, but rather has maintained the use of conventional quality control mechanism of the various senate committees. It is pertinent to refer to a unique control mechanism introduced by the University to enhance the quality and standard of its products. This is reflected in the granting of accreditation to Babcock University for many of its courses. Thus, we find bodies like the Adventists Accreditation Association (AAA) made up of 102 Universities and Colleges, the Association of African Universities (AAU), Institute of Chartered Accounts of Nigeria (ICAN), and The Nursing and Midwifery Council of Nigeria (NMCN), which have granted recognition and accreditation to the University on courses. It is common knowledge that in some Nigeria's public universities, accreditation of courses is still a wide dream yet to be fulfilled. This predicament is occasioned by the institutions' inability to provide enough fund, qualified personnel and instructional equipment and materials necessary for running courses to the minimum level of standard as required by the National Universities Commission (NUC) and other professional bodies.

Furthermore, another control measure instituted by Babcock University to ensure the quality of its graduates is the direct screening exercise of fresh candidates given admission into the university through the Joint Admissions and Matriculations Board (JAMB). Other universities in Africa could emulate this screening practice to ensure quality of intakes into university education.

Another area of management from which the public universities in Africa would have to borrow a leaf from Babcock University concerns land resource. It is true many of the public universities in the continent have vast land areas sometimes acquired for them free of charge by their governments, but lack of proper management is their undoing. A case in point is the University of Ibadan, Nigeria where land speculators and squatters are encroaching upon its unutilized land areas. This might be due to the University's neglect of putting up a solid fence to secure its land areas. It cannot be said however, that the university has not provided a master plan for the development of its land as Babcock has, but that the master plan is yet to be translated in terms of adequate occupation of the land areas to prevent trespassers from encroaching on the land. It would not be surprising, if the university would have to resort to litigation in chasing out the flagrant and unbraided trespass committed by illegal occupiers of its land. One would appeal to public universities to embark speedily on the execution of their master plans as Babcock University is doing. This university has begun the execution of the first phase of five years out of its twenty-five year physical master plan for the management of its land resources.

With respect to student's affairs management, realizing that students are the essential 'raw materials' for production of quality graduates and that the 'materials' could become volatile when not handled carefully, Babcock University authorities have learnt a lesson from the frequent student unrest from public universities by taking measures to prevent such occurrence in the institution. The authorities have thus raised the position of the Dean of Student Affairs to be at per with the principal officers in the University. This makes the occupant of such a position to sit along with the Vice-Chancellor, the Registrar, the Bursar and the Librarian to deliberate on issues affecting the students and to convey such decisions (through the Dean who is regarded an expert in student matters) back to the student body. That is not all. Students themselves are allowed representation on university management committees, so that they can air their views on issues affecting their welfare and that of the University Community.

While the university has instituted a work-study programme for students, to inculcate in them the virtues of dignity of labour and respect for lives and properly, the scheme is also

meant to recoup those among them who might not be able to finance his/her education without any form of financial assistance.

The scheme has contributed to the reduction of the wage bill for hiring potential pensionable workers, which has constrained the smooth management of public universities and a depletion of their resources. The public universities stand to gain from such an innovation, which is a common feature of overseas universities. Deploying students to management positions as assistants at halls of residence and as class managers goes a long way in instilling in them the culture of gentlemanliness, tolerance and socialization.

The university has also provided facilities on campus to develop students in an all round manner. Perhaps the Nigeria public universities would take a lesson from Babcock University's vision of ensuring that its student enrolments match its resources. Inadequate budget allocations to match student enrolment rate has been a problem to public universities in Nigeria, this needs urgent correction. Many of these universities admit students without making adequate provisions to cater sufficiently for their academic and social needs. The effect is frustration of the students, which could culminate in their unruly behaviors, and eventual closure of the university. However, public universities need to be careful in striking a balance between commercialization of their services and performance of their traditional roles of teaching and research. One must not be at the expense of the other. Rather they should be complementary.

Finally, the lesson to learn from Babcock University is in the area of training and retraining of the management staff of the public universities. This can be achieved through induction courses, in service training, short-term courses and workshops to enable them to acquire practical management techniques required for good and successful administration of universities in the 21st Century. In spite of all the good practices in Babcock University, African governments must perform some public roles in their private universities to check potential problems associated with market system of university management. Other conceptual basis for choosing the appropriate public actions to correct market failure in university education will be discussed in the next two sections.

POSSIBLE PUBLIC ACTIONS IN PRIVATE SYSTEM of UNIVERSITY EDUCATION

Musgrove (2004) provides a logical conceptual basis for choosing the appropriate public actions in health, which this paper finds very useful in correcting market failure in university education. According to Musgrove, government can do any one or a combination of five things to correct market imperfection caused by information and externalities problems and thereby, intervenes in private or market decisions.

The first public action that Musgrove says should be the least intrusion into private decisions is public provision of services, using publicly owned institutions and staff. This is what Nigeria governments do by allowing public universities to operate side by side with private universities in provision of places to qualified candidates.

The second public instrument in the provision of university education is public finance. Once a country has decided to finance university education, the choice arises whether to provide university education and basic research through public universities and research institutes or to pay private universities and organizations to provide them. Nevertheless, the society should consider the advantages and disadvantages of "make or buy" decision. Neither public nor private university is failure proof. But the society only needs to consider the costs and risks of failure from both ends in order to take a rational decision. As far as this option is concerned, Nigeria has to consider the possibility of compensating private universities for the social benefits of the university education provided by them.

The third public action is through the use of mandate, which obligates private institutions or individuals to do something and to pay for it. However, government may impose

mandates on institutions or individuals to do something with respect to education and research without asking them to pay for it. Mandatory activities are compulsory and there is no institution or individual that can react to them since the law usually backs them up. With respect to mandatory activities, governments in Africa could mandate private universities to respect all human rights, gender issues, poverty level of their students and distributive equity in the location of their institutions in favour of rural segment of the economy. Governments could also make it compulsory for private universities to make public information that would help their customers to make rational decisions.

The fourth public role may take the form of public regulations on university education and research. The difference between a mandate and a regulation is in the level of personal discretion institutions and individuals have. Private institutions and individuals can react to regulations by choosing not to embark on the activity. This cannot happen in mandatory activities. Public regulations may cover such issues as establishment and accreditation of universities, importation of books and laboratory equipment, environmental protection, minimum standards, and so on.

Governments may combine regulations with financial incentives (such as grants-in-aid to institutions, student's subsidies and scholarship) to offset the costs without public financing. The fifth public action, which Musgrove says should be the greatest intrusion into private decisions (for instance to correct market imperfection in university education), is public information. This may mean to persuade but does not require anyone to do anything. African governments should do this by publicising benefits and costs (including external and non-financial benefits, labour market situations, financial opportunities and so on) of university education and basic research to both consumers and providers. This information would help the stakeholders to make informed and rational decisions concerning patronage of private universities.

SUGGESTED ROLES OF GOVERNMENTS IN THE MANAGEMENT OF PRIVATE UNIVERSITIES IN AFRICA

Private universities should complement the public sector in creating and providing the right attitudes, skills and knowledge necessary for individual and social efficiency. Drawing inspiration from various theories, governments in Africa should consider the following suggested roles in the management of their private universities:

Reformatory role

Government should initiate regular university reforms to balance the market forces and prevent overproduction of graduates, underproduction of basic research as well as exploitative tendencies of proprietors of private universities. Two prominent educational reforms that seem to address the growing contradictions are career education and recurrent education. Career education represents a broad attempt to integrate more fully the worlds of education and work. Career strategies include attempts to increase career guidance and student knowledge on the nature and availability of existing jobs; to improve the career content of curricula; to provide periods of work and schooling interspersed through the secondary schooling cycle; and to inculcate students with a more realistic understanding of what to expect in the workplace. At the university level, the movement towards career education takes the form of reducing the availability of non-vocational courses and fields of study as well as changing university governance to increase the voice of the business community. Obviously, an important element of this strategy is to reduce "unrealistically high" expectations for high–level careers and to guide students into more attainment ones.

Lifelong learning refers to establishing patterns of post-secondary training that recur over a lifetime rather than completing advanced education and training prior to entering the labour force.

Apparently, a typical pattern would entail labour force entry after the completion of secondary school with university education and training provided, as needed, for career mobility through study leave as well as on-the job training. This approach would replace the more traditional one in which many persons take university education immediately after secondary completion, entering the labour market only at the end of formal studies.

This proposal would also match more closely the needs of employers with the educational system, and it would tend to reduce the number of persons with educational levels in excess of those required for available jobs by lessening the initial demand for university degrees prior to labour market entry. However, there are reasons why these strategies might not meet with substantial success. First, no matter how realistic the universities or governments are about the available jobs, most families have no alternative other than education for providing opportunities for their children. Without an alternative route for social mobility, it is unlikely that parents and students will become more" realistic". Second, jobs are not available for school leavers in Nigeria. As one of the first steps, the country should create employment for school leavers.

Regulatory role

The second important role of government in the management of private institutions of learning is to create a regulatory environment that encourages initiatives to expand access to good quality university education. Key dimensions of regulation include the legislative framework governing the establishment of new universities, quality assurance mechanism and legislation on intellectual property rights. It is important for government to remove stifling administrative barriers that may prevent reasonable entry of private universities into the production arena.

It is not necessary for government to stipulate for the private sector an expected student-teacher ratio, the qualification of staff to employ, the percentage of expenditure that they should spend on salary, the amount of fees that they should charge and so on. It is enough for the government to gear her regulatory efforts at ensuring quality output while allowing each private institution a reasonable control over the process.

Governments should expect the private sector to serve the interests of the society and failure to do this must lead to one kind of government intervention or the other. From studies (Babalola, 1999), there is no evidence of any private educational institution that is very free from public scrutiny. It is government's responsibility to monitor the activities of private institutions of learning

Redemptive role

It is the duty of government to redeem both the public and private institutions of learning from collapsing. Private universities require financial and ideological supports from government, although not as much as given to the public sector. In fact, the government owes private students in private universities some financial responsibilities because part of the benefits of their education accrues to the larger society. Moreover, some poor people wishing to participate in private universities need the financial support of government.

Subsidizing this category of people through loans, scholarships and bursaries has the potential to improve equity in the provision of education in the economy.

CONCLUSION

In this study, we have attempted to provide relevant economic ideas that can assist Nigeria and other African countries to make innovative policies that will help them privatise their university education. Using the Backcock (private) University experience, we offered suggestions on area of policy response in sharing the costs and benefits of university education between government and private sectors.

Although, looking at the education market scene on the continent, one would observe an imperfect market with adverse consequences due to inadequate information and unbridled competition, this paper however, demonstrates the positive managerial influence of a competitive and complementary system of private university as a way out. Finally, to forestall market failure, the paper suggested that Nigeria and other African countries should put in place reformatory, regulatory and redemptive mechanisms in the management of private universities.

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