

THE BUSINESS OF EDUCATION AND ETHICAL QUEST

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1. INTRODUCTION

Who can debate the need of trained and qualified people? This question certainly underscores the importance of a robust higher education system in the emerging new India. In fact, the fast paced changes in the world and education sector demand it.

At this critical juncture, basic education is fundamental to the nation. The tertiary sector not only faces volatility and competition but also determines the nation's economic and technological progress for a globalised era. This leads to many challenges that the educational institutions have to encounter, in turn, leading to complexities and challenges. The reasons are, of course, due to the twining of these challenges and multifarious opportunities along with the regulatory environment and government interface issues. Perhaps, the most important perspective in the business of education is the ethical values behind the purpose and consequences of the initiated actions. Thus, a nation's future can be viewed as a mirror image of its education system.

2. THE ECONOMICS OF EDUCATION

Education no doubt is considered a prime mechanism for economic and social development. They include measures to expand and improve the

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quality and number of educated and skilled human-power in the process of national development. The resources involved in the formation of human capital and the corresponding increments broadly assess the economic value of education. This revelation brings forth an evaluation in this process of economic development, keeping in mind the productivity of labour force. The value of education is the outcome of the relationship between educated manpower, physical resources that results in increments in per capita and net domestic product at a given time.¹

Education in general and higher education in particular play a pivotal role in the development of any nation. Its responsibility as a significant ingredient in the future economy stands testified. All predictions indicate profound and rapid changes in technology and society with far reaching alternatives to the framework of economic activity.² The only constant thing in the world is change. Undoubtedly, higher education is expected to be a major constituent in this transformation of society to cope with multi-dimensional change. Thus, the benefits of education include contributions made to society in terms of growth of employment, equitable distribution of income and growth of national output.

3. TRANSITIONS IN EDUCATION

Today the concept of education holds up a torchlight that signifies its onus as a light that guides life in all its confrontations. Development of character and total maturity are, of course, basic ingredients though the need to inculcate the ability to solve problems of life, satisfying human needs and contributing to development and progress of life, add that essential flavour that call for no justification. Therefore, the role of education is increasingly becoming more functional.

The *guru-shisya concept*, though still in vogue theoretically, no longer holds well. As education now stands as a culture and has been reaching out to the masses with a different appeal, it has caused a huge

¹Joseph K. Jose, "Modelling the Macro-Economic Effects of Human Resource Utilisation in Developing Countries," in Powar K. B. ed., *Higher Education for Human Development*, New Delhi: Association of Indian Universities, 2000.

²Cited in Harvey Lee and Knight Peter J., *Transforming Higher Education*, Buckingham and Bristol: The Society for Research into Higher Education and Open University Press, 1996.

downturn in this structure. The order of day is extension and improvement of education on a large scale. Indeed, the number of schools and colleges are on the increase. There is, therefore, a growing transition in the way education is approached, whether updating knowledge, improving delivery systems, administering or managing institutions.

Moreover, education involves huge investments and expenditure. Spatial restrictions and fixed years of learning are now disappearing. Technical innovations have led to a revolution where learning is becoming all the more dynamic and continuous. Indeed, education is no longer restricted to the walls of a classroom.

India's college and university network is expanding helping the masses to access higher education in the Indian context. However, it is able to accommodate only a tiny fraction of the 'college age' population.³ Though the enhancement in the enrolment is at about 5 percent annually over the past decades, the gross enrolment rate of Indians in higher education sector is at 7 percent. This may seem comparatively higher, though it is lower than the average for Asia as a whole (11 percent) and much lower than OECD Countries.⁴ Another trend indicates that the priorities and interests are towards professional courses, especially engineering, management, and medicine.

This new form of education is now shifting from merely being service-oriented to an industry-oriented one. Though the education sector is service-oriented, the recipient of its products looks at a highly marketable sector. The trends are now leading to establishments of universities and joint programs overseas. The significance of WTO and GATS as recent implications of change will further influence this proposition.

4. BUSINESS ETHICS AND EDUCATION

Education deserves to be seen as a service sector and today, its commercialisation is being questioned on ethical grounds. An

³Committee on India Vision 2020, December, 2002.

⁴Kapu Devesh and Metha Pratap Bhanu, *Indian Higher Education Reform: From Half-baked Socialism to Half-baked Capitalism*, Working Paper No. 108, Harvard: Centre for International Development at Harvard University, 2004.

understanding of business ethics is the need of the hour. This requires a study that deals with commercial transactions. Basically *ethics* in business include values governing commercial transaction not only among people and among organizations, but also among persons within organizations and political processes that regulate such transactions. The chain of cause and effect between behaviour and consequences is intangible.

Therefore, an initiator of action begins with an inventory of moral values.

These get converted to intentions for action, which then get articulated as actual behaviour. All such behaviour is consequential. It may either damage or enhance the values of the affected person.⁵ For example, according to the *Kural*, the Tamil classic on ethics, "the state which fosters agricultural productivity will enjoy pre-eminence."⁶ This means that the productivity of the farmer is of prime value. That is, we start with a moral value, then the value can be converted into an intention of getting better procurement of related products.

The link leads to enhancement of revenues. However, deceptive measures in terms of unhealthy publicity may be one of the causes of a collapse. Despite this, ethical dimensions cannot stop at the choice of either values or intention or behaviour. The consequences have to be considered. The formula for ethics, therefore, stands as "consequences and values plus knowledge = ethics."⁷

Ethically, corresponding to the business analogy, education is considered a human right (it, thus, becomes a value), though elementary education should be compulsory. Technical and professional education should be made generally available (Intentions). Education involves huge costs. The reduction in investments and expenditure has led to demands for higher accountability and financial stringency in education. Both public and private sectors compete for what it regards as fair. It is not a matter of simple cost effectiveness or returns on investment. Each of the sectors vying for quality has pushed education towards privatisation, corporatisation and commercialisation (Consequences).

⁵Sekhar R. C., *Ethical Choices in Business*, New Delhi: Sage Publications, 1997.

⁶*Kural*, 1034, cited in Sekhar, *Ethical Choices in Business*, 5.

⁷*Kural*, 1034, cited in Sekhar, *Ethical Choices in Business*, 5.

Though, as far as Indian philosophy of education is concerned, knowledge acquisition and creation of wealth have always been on opposite poles in line with the paradigm of *Saraswati and Lakshmi* paradox, the privatisation policy has questioned the basic ethics of equitable distribution. Thus, it is necessary to focus on the concept of globalisation, privatisation and commercialisation of education.

5. GLOBALISATION AND EDUCATION

Globalisation has affected education deeply the world over. Though globalisation involves economic, technological, political and cultural forces, the economic process is governed by a market-oriented philosophy. The boom in technology has led to a wide reach of information. This insight has touched all communities and has affected it in its own way. It has changed the very fundamentals of human and social life.⁸

Globalisation benefits the countries with highly skilled human capital. At the same time, it is a curse for those countries without specialized human capital. The emphasis of globalisation is empowerment and better realization of human potential. The focus is to reach a powerful global economy.⁹ Under globalisation, reduction of state role, the movement of capital, free market economy, expansion of capitalism, the information revolution, etc., become imminent.¹⁰ Marginalisation of weak states, market monopolies, permanent jobs tuned with project based jobs and education as a life-long learning process, etc., are added features of globalisation.¹¹ As the process of globalisation is technology and knowledge driven, it affects the content and structure of education. Only countries with a high level of human knowledge and skill will be able to participate and compete in this new global order.

⁸Carnoy M., *Globalization and Educational Reforms: What Planners Need to Know*, Paris: International Institute for Educational Planning, 1999.

⁹Rani Geetha P., "Economic Reforms and Financing Higher Education in India," *IJEB* 3 (2004), 1.

¹⁰Daun H., "World System, Globalization and Governance," in Daun ed., *World Systems, Globalization and Educational Change*, Stockholm: Stockholm University, 2003.

¹¹Nyozov S., "Globalization and Teachers: Life and Work (Case Studies from Rural Tajikistan)," in Daun H. ed., *World System, Globalization and Educational Change*, Stockholm: Stockholm University, 2003.

Globalisation no doubt has brought a worldwide demand for certain skills, namely English, Mathematics, reasoning, scientific and logical programming.¹² In this globalising procedure of education the price is to be made note of. As education becomes narrower, there may be no real expansion of disciplines of social sciences and pure sciences. The key services of economic reform policies, therefore, critically depend upon the competence of human capital. Individual and private consumerism and competition become the order of the day. Education for an equal global society such as those against ethnic inequalities, or education for justice, human rights and peace appears a distant dream. Secular values are spread at the cost of religious values.

Education under globalisation has, however, opened up opportunities and facilitated the legitimisation of equal rights of all to education, women's right to education, right to vote and increased participation in societal affairs.¹³ The international institutional decade of education for sustainable development, during 2005-2015, is a positive move towards the very ethical outcome of globalisation, challenging educational implications.

6. PRIVATISATION OF EDUCATION

The government may see privatisation of education as a means to reduce its own burden of providing standard education. Privatisation has nevertheless faced the brickbats.

Theme defines privatisation as "any of a variety of measures adopted by government to expose a public enterprise to competition or to bring in private ownership or control or management into a public enterprise and accordingly to reduce the usual weight of public ownership or control or management."¹⁴ However, in a strict sense, privatisation means the transfer of the ownership (and all the incidence of ownership, including management) of a public enterprise to private investors. The latter meaning has the advantage of helping one to draw a line between

¹²Nyozov, "Globalization and Teachers," 8.

¹³Karlson P. and Mansory Amir, *Educational Reforms in the Context of Globalization and in Afghanistan*, Stockholm: Institutional Education Stockholm University, 2004.

¹⁴Theme E., *The Incubus: The Story of Public Enterprise in Nigeria*, 1997.

privatisation and other varieties of public enterprise reform. Similarly, Starr defines privatisation as "a shift from the public to the private sector, not shifts within sectors."¹⁵

Privatisation, as a consequence of globalisation, influences the education sector to a great extent. Private education has largely been encouraged by and prevalent in many countries. Privately managed educational institutions emerge as a consequence of non-matching of supply and demand. Privatisation responds to diversified demands and adheres to individual choices. Self-financing private institutions with or without recognition may be termed as commercial private educational institutions. These commercial private higher educational institutions emerge from market forces and are linked to economic and global forces. Their programme and courses are market-driven and they decide on their own courses and subjects to offer. They are free to raise and deploy resources to meet their own norms. In the USA, for example, 30 to 40 percent is received from students and 60 to 70 percent of the recurring cost is generated from endowments, alumni, and other services.¹⁶

In India, though universities are state sponsored and established by the act of the Parliament, private universities have been flourishing. This is, however, permitted. These private universities have been driven and motivated by political chieftains. Though some of them are set up by linguistic, ethnic or religious groups and corporate entities, they too are based on the market principle. It may not be incorrect to say that vested interests too play a major role in this endeavour.

The government has, thus, initiated a negative contribution. While the input of private sectors has been encouraging in some areas of our mixed economy, it has not been encouraging in the education sector. The private aided colleges have failed to play a significant role in covering the financial burden of the government, as more than 95 percent of this recurring expenditure continues to be met by the public exchequer. On the other hand, pure or unaided colleges do provide financial relief to the

¹⁵Starr P., *The Meaning of Privatisation* [online]: [http://www. Paulstarr.com](http://www.Paulstarr.com) (1998).

¹⁶Ziderman A. and D. Albrecht, *Financing Universities in developing Countries*, The Stanford Services in Education and Public Policy. Washington, DC: The Falmer Press, 1995.

government by providing higher education, but *at a huge and long-term economic and non-economic cost to the society*, and such institutions have been a recent phenomenon.

Admissions to students from the elite classes encourage private institutes to enjoy a certain status. Though, by definition, they are non-profitable, they charge donations and capitation fees not merely to cover their costs but also to make profits, which are not necessarily reinvested in education. The government needs to draw a distinct line in its want to encourage private initiative in higher education and not commercialisation.

Moreover, the quality they offer is also *questionable*. Referring to a recent verdict of the Supreme Court of India, which declared that *education* should not be a market commodity, it must be stated that the private educational institutions are violating the judgment of the apex court by their unpardonable practices. The paradox that exists is that, on the pretext of quality education, its commercialisation is seen in brighter light. Though National Assessment and Accreditation Council (NAAC) has accredited many such institutions, sustaining their quality is a challenge. Despite the fact that re-accreditation process is on its way, there seems no real direction to control these institutions, at least, in maintaining and, if possible, further enhancing better standards after they have been given the status. The commencement of an institution leaves no scope for the "weeding out process."

The colleges encouraging capitation fee represent a case of completely owing *responsibility to the private sector*.¹⁷ The growth of the private sector has led to many a discrepancy. Its tendency to encourage certain courses, especially professional courses, and promotion of the undeserving candidates has been de-motivating and demoralizing to the educational scenario. Taking all these factors into account, the claim of private educational institutions to be superior to state run institutions does not carry any weight.

Besides, they create a great divide of affordability primarily. Further it is alleged that public schools are less efficient than private ones. This is probably due to the fact that teachers in public schools are often paid better and cannot be easily fired unlike the private school recruits. They hire short-term or part-time teachers (*taxi teachers*), which reduce not only

¹⁷Tilak, "Capitation Fee Colleges," *Journal of Higher Education* 16, 1 (1992).

expenditure on wages but bring about better performance.¹⁸ It can further be rightly argued that privatisation may lead to promotion of certain courses at the expense of other courses and its delivery mechanism – teaching, technology, etc., and promotion of a sophisticated society at the cost of meritorious but economically poor students. Is this ethically viable?

An ethical solution to this problem is a cost recovery process that implies reduction in subsidies in higher education. This can be done by diversifying the sources of funding. Shifting the incidence of the financial burden either to the beneficiaries (students) or to their users (employers) is another alternative. Student loans, graduate tax and enhancing fees¹⁹ are other means. Student loan schemes have the advantage of recovering the loan from the same group of students for whom it is provided.

The graduate tax is an education specific tax levied on those who use educated man power. Increasing fee structure is another means. This justifiable case of increasing the fee to be levied on students of higher education whose ability to pay is higher than what they can, actually changes, as they belong to economically and socially better off families.

The Swaminathan²⁰ and Punnayya²¹ committees recommend this approach. The recently levied 2% cess on taxes that is to be diverted to education is a welcome move in this direction. Thus, this trend of moving towards equity only benefits the already comfortable. Further, this creates an irreparable disparity among the different classes of people. An approach to target the poorer sections of the society through practical measures should be the prime focus of higher education in contemporary India.

¹⁸Carnoy M. and McEwan P. J., "Privatisation through Vouchers in Developing Countries: The Cases of Chile and Columbia," in H. M. Levin ed., *Privatising Education: Can Marketplace Deliver, Efficiency, Equity and Social Cohesion?* Boulder: Westview Press, 2001.

¹⁹Wood Hall, Tilak and Varghese N. V. [online]: <http://www.india-seminar.com/Report> (New Delhi: UGC, 2000).

²⁰AICTE, *Report of the High Power Committee for Mobilisation of Additional Resources for Technical Education* (D. Swaminathan Committee Report), New Delhi. All India council for Technical Education, 1994.

²¹University Grants Commission. *UGC Funding of Institutions of Higher Education* (Punnayya Committee), 1993.

7. IMPACT OF GATS AND CORPORATISATION ON EDUCATION

The General Agreement on Trade in Services (GATS) is all set to take over key services such as education, water and electricity and then charge them at a profit. This has major implications, especially in the developing world, where privatisation has already priced millions out of essential services. This agreement will, thus, set the ball rolling for private sectors to dominate the education system, especially the higher education. The critics with concern for ethical issues and who question this trend will face a blow.

Under GATS, students going abroad for study will see a tremendous increase. Education, cooperation and understanding among universities of different countries will set new international standards. As free flow of academia and educational linkage pose new challenges, curriculum and faculty composition tend to rise to new standards, as researches will percolate leading to an unhealthy impact.

Education as a constituent of GATS threatens the education system of nations like India. It will affect the societal structure in terms of its education affordability causing socio-cultural problems to a great extent. Indian universities will have to cope up with these standards or will be thrown out to the other side of the digital divide, raising debatable issues of whether it was a correct and ethical decision of being a signatory to GATS. Will Indian universities close down or cope up with new standards of competition? Will they open up new opportunities such as education being job-oriented? Will they work towards expanding their inbound education market and increase the quality of teaching, research and delivery mechanisms? These are desirable and ethically justified. In the context of Globalisation, privatisation and corporatisation, *will education soon be up for sale under GATS?* Only time will tell.

Corporatisation is a process of making a state body into an independent commercial company. Its protagonists consider it appropriate to corporatise providers that were formerly state owned. This may include energy, electricity, telecommunication and education. Corporatisation is often the first stage in the process of privatisation where the membership of a former state body is transferred to private individuals and institutional

investors through the floating of shares available to the public and subsequent listing in a stock exchange.

Companies such as Shell or Exxon Mobil (ESSO) will soon dictate policies of schools and universities. Corporate involvement in higher education due to GATS will result in policies in favour of serving the needs of these corporations. Students' rights may be curbed to campaign against them.²²

On the other hand, corporates of universities means that universities will function very similar to large business organizations. This underlines their capability of being run as a business house. For example, the case of Ford Motors that entered a partnership with Ohio State University on the assumption that the Missions of the University and the Corporations merged, is a classic one.

Corporatisation of education has a strong potential for commitment to excellence as in universities at Hong Kong, Oxford, Melbourne, and Montreal.²³ Excellence in universities under corporatisation is comprehensive and is not confined to academic pursuits only but extended to spheres of infrastructure, information access, housing, hostel facilities, health and even parking.

8. CONCLUSION

Thus, the above discussion highlights the issues raised and their subsequent consequences under the banner of globalisation, privatisation, GATS and corporatisation. Should the business of education under large multinationals be discouraged? Do they hold fast to values and ethics? Are they only profit making organizations refusing to adhere to needs of education? Let us justify our thoughts in the interest of the world at large. Progressive institutions like Christ College (Bangalore) have evolved models of resource management (human, physical, financial, etc.) to achieve both equity and quality.

As of today education management is growing at a faster pace along with professionalisation of education services. In the context of fast-changing environment, some of the changes being fundamental and others

²²<http://uk.indynudiu.org>

²³<http://uk.indynudiu.org>

complex, there is a need to evolve and recognize such quality management model that will enable the institution to develop a competitive edge. Keeping elements of "traditional model" institutions can't move completely away from a provider-driven model to a consumer-driven form of higher education. Eliminating disciplines because they are currently not in (market) demand is contrary to the mission of any educational institution. Yet to some degree institutions must consider student preferences for applied education and the larger labour market. Consequently, to avoid such outcomes, institutions need to make major structural changes in their decision-making systems to allocate and reallocate and cross-subsidize resources to support both traditional model and consumer model in their "strategic management."