

INAUGURAL LECTURE FOR OPENING THE ACADEMIC YEAR 2012/2013

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**POLAND'S HIGHER EDUCATION IN ECONOMICS:
CURRENT STATE AND OUTLOOK¹**

My presentation is divided into three parts exploring the changes in the higher education system in Poland after the systemic transformation, the changes in the system of higher education of economics during this period, and the conditions of the prospective activity of higher education economic institutions in the foreseeable future. Basically, I shall disregard internal factors while focusing on selected external factors that have been shaping Poland's academic education in economics, and – I believe – will continue to do so in the future. Please forgive me that some questions will be tackled briefly, in note form, and the generalizing conclusions, as the restricted time of the presentation does not allow more detailed treatment.

EDUCATION SCHEME AFTER SYSTEMIC TRANSFORMATION

In the late 1980s, a radical change in the scheme of higher education in Poland took place as a consequence of systemic transformation. This was a resultant force of

- 1) the new positioning of higher education within the social and economic system, and
- 2) the significant increase in demand for higher education that – after transformation – was no longer a restricted good.

Higher education was demanded to such a high degree that the public sector of education in Poland was not able to satisfy the demand. That was – in my opinion – the main reason for the government allowing the non-public sector to enter the education market in Poland. Non-public schools were literally mushrooming and as a consequence, there were approximately 320 non-public schools at the beginning of the 21st century. In contrast to public higher education institutions, non-public schools are much smaller, both in terms of the number of students and staff.

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¹ This presentation draws on papers by Prof. Marek Ratajczak, the World Bank reports, the OECD reports about higher education, including economic studies, in Europe and in Poland.

From the time when non-public sector entities entered the education market, there have been two parallel sectors of Poland's higher education system, with all the inevitable consequences – a public and non-public one. We have been dealing here with a sort of mixture of state and market. The state controls, among other things, the diploma, educational standards (regarding programmes and staff, with different levels of detail), fields of study, and until recently, the assessment of the quality of education conducted by the State Accreditation Committee. All the rest is determined by market solutions. One may believe that if it were not for the state diploma, many non-public entities would never start their educational activity.

As a consequence of the transformations in Poland's social and economic system, the Gross Enrolment Ratio increased significantly (to more than 50 per cent), a result that is generally considered to be a success of the Polish transformation. While before 1990 Poland ranked among Europe's weakest countries by GER, its position improved rapidly after the major increase in the number of students, to be ranked among the best in Europe.

The significant increase in the number of students (that was labelled an education boom by journalists) was accompanied by other changes.

First, there was a major shift in the structure of higher education by fields of study. To a certain degree, the reason for this was a mismatch between the offered studies structure inherited from the old system of education and the current preferences of applicants. The emergence of a non-public sector in the education market duly responded to the new demand.

When opening the education market to the non-public sector, the legislators virtually did not establish any entry barriers. Submitting a set of documents was enough to register a higher education institution, as it was virtually impossible to reject the registration application. Similarly, it was also difficult to close an existing school.

As regards the teaching infrastructure, in fact there were either no entry barriers in the field of humanities and social studies or they were significantly lower than in the case of other fields of study, such as engineering or medicine. Therefore, non-public schools were predominantly offering low-cost fields of study in humanities and social science, especially in economics.

The structure of students also changed as regards the forms of education: full-time (free of charge) and part-time (paid-for). The share of part-time (extramural) students increased mainly due to:

- 1) aiming to satisfy the increased demand for higher education (that was easier to accomplish in the form of extramural than full-time studies);

2) paid-for studies enabled, especially in public schools, paying academic staff for the increased teaching workload.

Multi-jobbing in Poland's system of higher education emerged thus almost "naturally". The formation of a self-reliant academic teacher and researcher requires more than a dozen years, whereas the increased demand for higher education services was supposed to be satisfied immediately, with no delay until additional academic instructors have been educated. The solution to this problem was an artificial increase of staff, i.e., employing lecturers in several schools. Multi-jobbing noticeably affected public academic schools for the most part.

The multi-jobbing solution has definitely got its weaknesses. Let me point to one, i.e., the excessive emphasis put on teaching (that is replicated at many schools) while neglecting one's own scientific research. As a consequence, there has emerged a disequilibrium between research and teaching in many academic institutions. During the 1990s, teaching resulted in relatively easy money while the reward for research required more effort. As we know from the Copernicus law, "bad money drives out good from the market".

On the other hand though, multi-jobbing also had some strengths, at least at the beginning. Thanks to a sort of personal union, the teaching level in newly emerged academic entities was higher than would have been the case without hiring staff whose primary job was with the public academic institution.

ECONOMIC EDUCATION AFTER SYSTEMIC TRANSFORMATION

Before 1990, higher education in economics was not generally appreciated. The graduates from economic schools were not offered rewarding jobs in the so-called labour market, with all jobs reduced basically to the recording of past economic events. Very rarely did they involve any decision-making capacity, because the decisions taken were not founded on economic calculus, instead merely real analyses were employed. Such engineered, "real" analyses have proved more reliable to justify decisions than economic analyses.

The then existing economy was supposed to be somehow justified. Such a rationale was provided by the political economy of socialism. This subject was particularly important in all economic education institutions.

Both mentioned facts: the fuzzy professional outlook and ideological bias of economic studies resulted in the low interest of prospective students. After the systemic transformation the status of economic studies improved

completely, because the principles of economics changed. In the early 1990s, well-educated economists were scarce. On the other hand, the economists who proved successful in the new economic environment, were also influential outperformers in terms of personal and material success.

The enormous demand of the economy for educated economists was not neglected by the system of higher education. The response to the increased demand was both from the public and non-public sector of higher education. The non-public sector has already been discussed. The activity of the public sector was not just limited to economic education institutions, even if they also expanded their enrolment of students, significantly raising the admittance of part-time students at home locations and in external teaching outlets (sometimes out of proportion).

Economic fields of study were a standard offer of newly established public non-academic higher education entities. Economic fields of study emerged in public academic institutions which up till then had been devoted to other fields of study. As a result, more than 300 higher education schools today teach economic fields of study. A vast majority of non-public schools offered economic fields of study (along with other social science and humanities), therefore, multi-jobbing affected mostly public institutions, particularly schools of economics.

Academic education in economics reveals all the particular elements that occurred in Poland's higher education. One can identify some relatively advantageous events (e.g. process management at schools), but there are also pathological trends (e.g. multi-jobbing involving in extreme cases more than a dozen teaching positions). Little comfort is offered by the fact that similar detrimental events were also observed in other countries of Central and Eastern Europe while experiencing systemic transformation in higher education.

THE CONDITIONS OF THE PROSPECTIVE ACTIVITY OF ECONOMIC HIGHER EDUCATION INSTITUTIONS IN THE PREDICTABLE FUTURE

As noted by Niels Bohr, prediction is very difficult, especially if it is about the future. Therefore, I shall not dare to have an all-embracing discussion of the future situation in Poland's higher education, however, some notes about the medium-term outlook based on currently observable trends will be presented.

Population decline

The population aged 19–24 years is predicted to decline by approximately 30 per cent during the next decade. Demographic forecasts with respect to the current population are very precise, thus, we know the levels of prospective enrolment. Following the population decline, enrolment of students in Poland will fall. I do not believe that the increase in the Gross Enrolment Ratio might offset this decline, because the GER is already one of the highest in Europe. I believe generally, that the enrolment of part-time students will fall in the first place (both in the public and non-public education sector) to reach the level where people are forced by many diverse, e.g. personal, reasons to study only in this way.

Part-time studying will no longer be considered a worse substitute of full-time studying. Later on, also full-time enrolment may further decline, however, by far less than that of part-time students. It seems that the decline of full-time enrolment will be suffered mostly by those non-public schools that were not able to create their own brand name, merely relying on staff employed in their subsequent second, third, etc. positions.

What does population decline mean for schools of economics?

First of all, it implies the decline in enrolment of part-time students (the trend that has been already observed). This in turn means that less financial funds (other than those from public sources) will be available for teaching activity, and that academic teachers will be less burdened with basic teaching activities. The first problem may be solved quite easily, in my opinion, as schools of economics will be introducing newer forms of study (post-graduate programmes, instruction courses, MBA programmes). The second problem is more difficult to handle because it requires a major shift in the professional orientation of academic staff, i.e. from teaching to research.

The change in systems of managing schools

Since the early 1990s, a new trend has been noticed in public policy (as regards public finance) dealing with public finance management and introducing market economy rules of operation to the public sector. According to this trend, public finance entities should behave just like enterprise companies, i.e., they should focus on the so-called 3E approach

(economy, effectiveness, efficiency), with their activities being market driven. As a matter of fact, the idea to consider students as customers of institutions is motivated by the 3E approach.

What does this new trend mean for academic institutions?

First of all, it is about the change of the way schools are managed. In short, it implies a stronger leadership for the rector as regards decision-making, stronger commitment for stakeholders, especially external, and weaker collegiate bodies as regards strategic decision making. Some reports by external organizations perceive the system of managing higher education institutions in Poland as obsolete, similar to that of the 1970s in Europe (see, e.g. the World Bank report). According to those organizations, this is one of the reasons for the low global ranking of Polish higher education institutions, and of the low ranking as regards research output available for business applications.

It is worth noting that the amendments to the Law on Higher Education as regards, e.g. the rector's election, duly comply with this direction.

Teaching activity and research activity financed by public funds

It is easy to contrast two observations. Firstly, total enrolment has been declining and this trend will continue. Secondly, the higher the degree of research utilization in a country, the higher the rate of GDP growth in this country, especially in the long term.

The papers on higher education report the estimates that an increase in research funding by approximately 0.1 per cent of GDP results – on average – in an increase in GDP by approximately a 1.5 percentage point in a 20–30 year perspective. Certainly, these results are not to be taken for granted. There are more requirements in order that GDP grows, however I will not elaborate on them.

In the nearest future we should expect a constant level or a negligible increase in real input for higher education (with fewer students, the average input per one student will have to rise), and a significant growth of research funding. Such relations are already observable in the long-term financial plan for 3 years, going beyond the current year's state budget. Even if this plan is only indicative, it still points to some general relations that may be expected in the nearest future.

Because more emphasis will be put on the implementation of research output (which means that research output is utilizable), we should expect that the much more increasing funds for research will be distributed as competitive grants, while less (and declining) funds will be spent for academic research conducted as such in higher education institutions. (Nowadays, this funding has got a form of statutory subvention.) In the case of economic sciences, most competitive grants will be domestic, because Brussels does not favour economic sciences as regards research funding.

Teaching financed by public funds

One may indicate two extreme (“pure”) methods of financing higher education institutions by public funds. Firstly, a given amount of money is distributed among institutions by some adopted formula (this is at present the case, among others, in Poland); secondly, the amount of money is not predetermined, but one determines the demand for funds, depending on the intensity of educational activities offered (or supposed to be offered, according to a political will), based on the valuation of educational services.

Without a detailed discussion of the so-called algorithm that underlies the distribution of public funds among higher education institutions in Poland, it is worth noting that each method of public funds’ allocation to public schools is also (or should be) an instrument of achieving a particular goal.

The currently used method of funds allocation in Poland to finance teaching activities is based on diverse “resources”: number of students, number of staff, some indicators of international exchange of students, research activities of entities, etc. Such a method of financing education institutions is convenient during strong (and increasing) demand for educational services, because it fosters the increase in enrolment, staff employment, etc., thus, it leads to better satisfaction of (high, increasing) demand for higher education services.

During a decline in total demand for educational services, this method of funds allocation among schools is not efficient, because – to express it simply – the emphasis on quantity does not reward better quality. In the not so distant future we may expect a change in the allocation scheme of funds among public schools to a model that will emphasize more the quality of education and conducted research than “resources”.

All those anticipated changes are linked to a question that will soon be asked much more powerfully than today: what does a Polish taxpayer receive in exchange for money expended on science and higher education? It

is worth noting that a so-called pro-quality subsidy that emerged currently by the amended Law on Higher Education is a first step towards the quality-oriented financing of public schools.

Teaching activities

The social and economic changes, especially the higher volatility of the social and economic sphere, caused the modification of the previous education–employment model. Current graduates will have to face the necessity to change jobs and professions every few years, and the schools will have to adjust the education to the rapidly changing labour market. From the Internet, one can retrieve a list of the world’s most popular professions. Most of the first 20 entries on this list were professions that did not exist 15 years ago. On the other hand, professions that have been around for many years have sometimes entirely changed their character.

There has been a long-term discussion into what should constitute higher studies, particularly at a university, and what competencies should be exhibited by a graduate from an academic institution. There have been many meanders in this discussion. It seems that in the nearest future, “basic” education in academic institutions will be moderately general, academic, graduate-oriented, with the graduate being able to learn, not equipped with competencies typical for narrow professional specializations. Those schools will be successful at teaching whose graduates will prove successful, not the schools that (will) have many students. Education in the area of strictly professional specializations will be shifted to a level of instruction courses, postgraduate studies, MBA-type studies, and maybe also doctoral studies.

Conclusions for the future

During the next 9–10 years, higher education institutions will operate within a population decline, with all its consequences. One may expect a change of management model, with more power for rectors and less for collegiate bodies, with the stronger commitment of external stakeholders. The nearest future may see a change in the financing structure of higher education and research, with more emphasis on the quality of teaching and research. The profile of a graduate will change, and so will schools of economics. The changes in the educational process should lead to the formation of such attributes of the future graduates that will allow them to be better adjusted to the increasingly changing social and economic system.