

Private Higher Education in Georgia

Main Tendencies

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Introduction

Educational traditions have a long history in Georgia. Higher education always enjoyed lot of prestige. When the country gained independence from Russia at the beginning of the 20th century, one of its first acts was to establish a national university, the first in the Caucasus. In the Soviet era, Georgia had the highest percentage of the population with a university degree among the republics of the Soviet Union. Notwithstanding the absence of a legal guarantee of academic freedom under Soviet rule, higher education institutions harboured intellectual dissent and managed to preserve Georgian culture and sponsor, within limits, free and objective scholarship.

Dramatic events in the political and social life of Georgia in the 1990s resulted in cardinal changes in the education system.

Since independence, the educational sector in Georgia has experienced a disastrous reduction of its budget. This was the consequence of the overall decline of the Georgian GDP on the one hand (more than 75% reduction between 1991 and 1994), and of the decline of the share of education within the GDP on the other (from more than 7% in 1991 to less than 1% in 1994)¹. The GDP share spent for public education was only 1.7% in 1997, while the average figure for developing and developed countries was 3.9% and 5.1%², respectively. In the following years, tendency towards a decrease of public education expenditure is noticeable.

In addition to financial difficulties, the inherited problems, such as a lack of experience in planning and management of the educational system, aggravated the crisis of higher education in Georgia. The collapse of the Soviet system and disintegration of USSR brought about a disruption of the links between universities and the common labour market. Apart from that, new political and economic realities negatively affected the implementation of joint scientific projects: the existing links between different research centres and university laboratories of USSR were disrupted, and the entire branches of science found themselves in isolation.

Creation of new state and private HEIs would be the least expected development in the difficult situation underway in Georgia; however, what occurred in reality was directly opposite: educational institutions of all kinds started emerging across the country. One of the possible explanations of this “Georgian miracle” could be the traditionally high prestige of university education – it constitutes the big prize for the average Georgian citizen because traditionally it is associated with opening up doors to higher social layers, secure life etc. On the other hand, new economic and social realities called for new professions and required an entirely new set of skills. At the same time, tertiary education could be considered as an area for potential profit for some institutions of higher education.

Private educational institutions were opened in addition to the state institutions on the basis of the Decree of The Supreme Council of the Republic of Georgia issued in June 1991.

Despite the fact that the higher education sector in Georgia had historically been comprised of only state institutions operating under strict central control, private HEIs

¹ Gillian Perkins, 1998 “ The Georgian Education System: Issues for Reform Management” World Bank

² UNESCO, Statistical Yearbook, 1997

have showed a remarkable growth. The number of private HEIs in Georgia has reached 214, whereas the number of state HEIs increased from 19 to 26 in last decade³.

The decree of 1991 was not supported by any statutory act regulating the functioning of private schools. The Government of Georgia formally granted private institutions the right to operate in the country and imposed no restrictions on their number. However, the whole policy of Georgia vis-à-vis private universities was limited only to these steps. Both legislative framework and taxation policy in respect of HEIs have remained largely chaotic. Only in mid-1990s the educational authorities began to develop new legal provisions to address this problem. In the absence of the Law on Higher Education, activities of the state and private HEIs are regulated by the Law on Education (1997) and other existing statutory acts.

The Decree of the State Council of Georgia (1992) declared higher education institutions to be autonomous. One year later, Rector's Council of State HEIs of Georgia was established. Given the fact that the Rectors' Council is an advisory body to the President of Georgia which defines the guidelines for modern higher school development, reform directions, the structure of professional training, priorities of scientific and technological progress, higher education standards, etc., it is necessary to consider the involvement in its activities of the representatives of private HEIs' that already share in the higher education market in Georgia, alongside with state universities, especially as the Rector's Council of private HEIs already exists.

The Law of Georgia on Education (1997) regulates the legislative and financial aspects of higher education, defines the objectives of higher professional education, prescribes division of responsibilities between executive and legislative powers, defines assessment and examination processes of HEIs, and provides regulations for the registration and certification of educational institutions. The Law on Education also regulates conditions, terms and rules of assessment and accreditation of an educational institution, but its implementation still remains an open question.

According to the Law on Education, the Parliament of Georgia shall define the main directions of the state policy and programs in the education sector and ensure their implementation through the budgetary funding of relevant state educational programs. The powers and the competence granted to the President of Georgia in the education sector are significant: the state policy in the education sector shall be executed by the President of Georgia. In addition, the President approves: a) the targeted state programs of education, b) proposals of the Ministry of Education on the closure or establishment of higher educational institutions, and even candidates to take the position of the rector of a state higher educational institution, proposed by the Minister of Education.

The Law of Georgia on Licensing Entrepreneurial Activities (1999) considers activities of private educational institutions as entrepreneurial (on a par with banking, transportation, lotteries etc.), and makes them a subject to licensing by the Ministry of Education of Georgia.

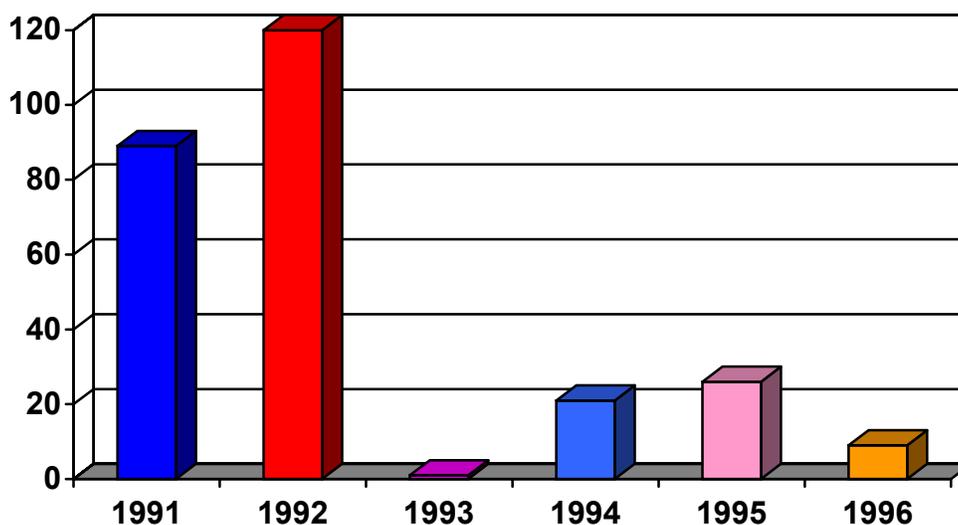
Many of these laws and resolutions replaced previous regulations and decrees, but due to a lack of co-ordination in the activities of governmental agencies, most of them still remain only a wish list. Weak management, lack of institutional capacities, as well as the absence of proper legislative framework prevent the Ministry of Education from effective regulation of the higher education system in Georgia.

³ Ministry of Education of Georgia

Growth and expansion of the private sector

In 1991-92 the Ministry of Education issued over 200 licences for private HEIs. Many private HEIs appeared in Georgia against the backdrop of a legislative chaos. The Ministry of Education that lacked the necessary control mechanisms could not effectively regulate the process of “mushrooming” of private universities. However, many of the newly emerged private HEIs ceased their existence in the first 2 or 3 years as a result of “natural selection”: competition from the state universities, insufficient resources (most of private HEIs lacked even such basic capacities as appropriate premises, facilities, libraries etc.) and low credibility of those new establishments led to the reduction in their number: by the beginning of 1993 only about 70 private HEIs were still functioning⁴. But the Law of Georgia on Military Service (29.12.1992) changed the dynamics of development of private HEIs: under Article 30 of this law, students of private universities were allowed to postpone their compulsory military service. Due to a complicated political situation (civil war, ethnic strife) military service was considered as very dangerous. Young people of call-up age were seeking ways to evade it. Studies at HEI were one of the possible ways to at least postpone the military service. This created a demand for new student places and many new private HEIs appeared as a response to this demand. Their number grew rapidly. If in 1993 only one new private university was licensed, the following two years saw the establishment of 21 and 26 new private HEIs, accordingly, which was due to an increased demand for student places (Chart 1).

Chart 1. Dynamic of establishing new private higher institutions
(number of licensed HEIs by years)



The quality of instruction, courses offered, as well as professional qualifications of the teaching staff at private HEIs were often of little or no importance for students: the basic rationale for them to enrol was the prospect of getting a diploma, not knowledge, while by teachers private HEIs were often seen as an additional source of income. Since

⁴ Tax Inspection of Georgia

the salary at the state HEIs made up only 10% of the provisional basket, part-time jobs at the private HEIs helped many university teachers to survive under severe economic conditions. The only determinant condition for students' enrolment was the payment of tuition fees. In most cases, private HEIs' profits were used to enhance the material well-being of their management. This development largely compromised their reputation, and sociological surveys evidences negative attitudes to the private schools on the part of the country's population⁵.

On the other hand, introduction of private HEIs served to create a competitive environment, as some of the educational facilities with well-organised learning programs, new teaching methods and market-friendly courses became very popular and earned prestige in the community.

According to latest statistics, provided by the Ministry of Education, the number of private high education institutions in Georgia in 2000 was 214.

During the Soviet period Georgia's public education system comprised 19 state institutions that trained specialists in more than 400 disciplines. Institutions of higher education were mainly located in the capital city, Tbilisi, while pedagogical institutes were established in practically every region of the country. Now, as shown in the table 1, private HEIs are present in all regions of Georgia, with their main areas of concentration in the capital city Tbilisi, the Autonomous Republic of Adjara (where all 14 HEIs are concentrated in the capital of republic, Batumi) and in the Imereti region, where 17 out of 23 HEIs are located in Kutaisi, the second largest city of Georgia.

Table 1⁶. Number of private HEIs, students and teachers by regions.

Region	Number of HEIs	Number of students	Number of teachers
Georgia	214	45 707	10 350
Tbilisi	142	28 566	7 374
Abkhazia	5	3 046	383
Adjara	14	4 008	763
Guria	4	63	21
Imereti	23	4 727	800
Kacheti	9	892	248
Mzkheta-Mtianeti	1	78	17
Megrelia-Svaneti	4	2 265	309
Samzkhe-Djavakheti	3	464	63
Low Kartli	4	699	231
Kartli	5	899	141

A vast majority of private higher educational institutions are non-profit organisations. Some of the new institutions are non-profit organisations established with philanthropic motives, others are for-profit organisations established by entrepreneurs

⁵ Research of the Department of Sociology (Tbilisi State University)

⁶ Statistics are not complete, especially on Guria Region

who see a profitable market, still others are branch campuses established by foreign institutions seeking to increase their revenues.

A special group of non-state HEIs is comprised of theological academies and seminaries, founded by the Patriarchate of Georgia: Tbilisi and Kutaisi Theological Academies, theological seminaries in Kutaisi, Batumi, Gelati.

At the time no other confessional or philanthropic agencies provide higher education in Georgia.

Private HEIs exist in the form of universities, academies, institutes or schools, though there are no clear rules as to how they are awarded one or another particular name. There are 33 universities, 22 academies (ranging from the Academy of Arts to the Diplomatic Academy and Customs Academy) and 167 various institutes and schools.

Interestingly, ca. 30% (62 out of 214) of private HEIs is accommodated at school or college premises, sharing the facilities with secondary schools or other organisations.

Total number of students in private HEIs comprises 45 707, with 55% being female students. However, gender distribution varies from region to region (table 2) depending on the specialisation of HEIs. There are female and male dominated faculties: Journalism, Medicine and Foreign Languages have more female students as compared to Law and Engineering faculties. The number of males is likely to increase in those institutions that contract military chairs of the state education institutions, as military training is a way to exempt students from mandatory military service.

There is a tendency towards an increase in total student enrolment, although in some regions the opposite processes are noticeable. Low number of students in years VI and VII could be explained by the absence of master's program (MA) in most private HEIs. Since most of private HEIs offer four-year courses, the number of students enrolled in V year is also low (table 2).

Despite relatively high tuition fees (see below) at the most successful and prestigious private HEIs, the number of applicants increases from year to year. The growth rate on the average is 1.1 (2001/2000) for these institutions. Some of them have introduced admission examinations, although this is rather an exception.

Table 2. Student enrolment by years.

N	Region	Total number of students	among them		Number of students according to years						
			Female	Male	I	II	III	IV	V	VI	VII
	Georgia	45 707	25106	20601	10081	9137	9296	9071	6849	733	540
1	Tbilisi	28 566	15848	12718	6738	5854	5539	5604	3677	614	540
2	Abkhazia	3 046	1658	1388	710	648	622	535	520	11	0
3	Adjara	4 008	1809	2199	756	711	833	823	833	52	0
4	Guria	63	16	47	15	11	12	7	18	0	0
5	Imereti	4 727	2881	1846	911	890	1158	1019	709	40	0
6	Kacheti	892	403	489	155	160	166	171	229	11	0
7	Mzkheta-Mtianeti	78	30	48	12	23	19	12	12	0	0
8	Megrelia-Svaneti	2 265	1290	975	315	415	508	488	539	0	0
9	Samzkhe-Djavakheti	464	246	218	100	132	110	83	39	0	0
10	Low Kartli	699	464	235	238	119	125	111	106	0	0

11	Kartli	899	461	438	131	174	204	218	167	5	0
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Composition of students of private HEIs is similar to the respective parameters in state universities in terms of gender, age and social status. Groups, targeted by private and state high schools seem to be the same.

Almost 90% of students of all institutions are singles.

Students represent different social and income groups. Notably, institutions with relatively high tuition fees attract children from elite families, if one assumes high incomes and employment in private sector or well-paid public jobs to be the criteria for being a part of the elite.

At the beginning, private HEIs mostly operated in a relatively narrow range of disciplines, especially business and commerce, law and medicine, ‘cherry picking’ financially lucrative courses without any obligation to offer a full range of disciplines required. At present, the range of courses and programs offered by private HEIs is comparable to those of state HEIs, although the emphasis is still placed on the most popular courses, such as law (especially international law), business management, medicine and foreign languages. More than 50 private HEIs offer medical programs, about 150 have business management courses and same number of HEIs offer programs in law.

Considering the number and profile of academic staff of private HEIs, the following tendencies are noticeable:

- 75% of total number of teachers work on a part-time basis;
- most of teachers work at the state HEIs;
- about 20% of private HEIs only have part-time academic staff;
- 66% of teachers hold degrees of a doctor or candidate of sciences, although many successful HEIs with foreign partners are more inclined to give priority to other parameters (such as an international training, for instance).

All faculty members held proper credentials. The minimum qualification expected from an instructor is a Master’s degree, or equivalent experience in an appropriate field.

There is one interesting characteristic in the statistics on private HEIs’ academic staff: since by many teachers their job with a private university is seen as an additional source of income, it is not infrequent that they work at a number of HEIs at one and the same time. Thus, the total number of teachers, as provided in table 3, shows this tendency. It is difficult to evaluate the real number of teachers.

Considering the composition of academic and administrative staff, one general conclusion is that at all institutions, the administrative staff work on a full-time basis and accounts for not more than 35% of the whole staff.

The number of authorised private higher education institutions in Georgia jumped from zero in the 1990 to 214 by 2001, capturing ca. 30% percent of all higher education enrolments. Since 70% of all students are enrolled in 26 state HEIs, these latter still seem to dominate the higher education market. But in particular professional fields, such as business management, economics and law, the share of private HEIs is considerably higher, as the newly established private institutions are trying to fill the gap and train professionals in the areas that are most relevant for the transition economy. State

universities, with their decades-old traditional curricula, were not flexible enough to meet new market requirements and modify their programs. As a result, private HEIs have readily filled this niche. The competitive environment compelled the state universities to establish new market-oriented courses and adapt their programs to meet the demands that emerged in the higher education market. At present, courses offered by the state and private educational institutions are comparable by their content (or at least by their names), although quality of teaching differs. Non-traditional medicine seems to be the only course that has no “counterpart” in the state medical schools and is offered only by a private provider⁷.

Table 3. Number of teachers.

N	Region	Total	Full-time staff			Part-time staff		
			Total	among them		Total	among them	
				Doc.sc.	Cand.sc.		Doc.sc.	Cand.sc.
	Georgia	10350	2626	511	1127	7724	1597	3643
1	Tbilisi	7374	1436	369	622	5938	1340	2904
2	Abkhazia	363	113	36	73	270	56	135
3	Adjara	763	327	37	115	436	32	107
4	Guria	21	8	2	6	13	0	13
5	Imereti	800	285	30	140	515	45	232
6	Kacheti	248	100	9	39	148	31	80
7	Mzkheta-Mtianeti	17	6	0	6	11	0	11
8	Megrelia-Svaneti	309	237	20	83	72	20	22
9	Samzkhe-Djavakheti	63	5	0	5	58	17	29
10	Low Kartli	231	89	4	27	142	27	62
11	Kartli	141	20	4	11	121	29	48

There are certain similarities with regard to the regional expansion of private and state HEIs in the country, despite significant differences in their number: similarly to the state universities, most private institutions are located in big cities (the capital city of Georgia, the capital of the Autonomous Republic, etc.). However, private HEIs are also present in smaller towns, such as regional centres, covering considerable geographical areas, though mountainous and highland regions still remain without tertiary education providers. Expansion of private HEIs has raised the accessibility of higher education.

Better accessibility should be considered as an advantage for the higher education system. However, the simplified admission rules compromise the quality. Many private HEIs have no entrance examinations, and the only precondition to become a student is ability of paying tuition fees.

⁷ Ministry of Education

As mentioned above, the share of students at private sector is ca. 30%, but the growth rate of student enrolment in private and state educational institutions is comparable.

Financing and management of private institutions

For the purposes of this study, selection was made of those private educational institutions that rank high⁸, as compared to others, and where teaching and assessment processes stand more or less close to international standards (e.g. the use of objectively verifiable performance indicators).

Quality private HEIs with reliable assessment system selected for this case study are:

- Georgian Institute of Public Affairs (GIPA)
- European School of Management (ESM)
- Caucasus School of Business (CSB)
- International Black Sea University (IBSU)
- Grigol Robakidze University “Alma Mater”

Four out of five institutions are founded with a participation of foreign partners.

i) sources of funding

The funding sources for private educational institutions are: a) tuition fees; b) funds received as a gift, endowment, legacy or grant; c) the funds received from the execution of contracts with the state, natural and legal entities (including foreign partners), etc.

Table 4 below provides information about funding sources for HEIs in our survey.

Table 4.

HEI	Sources of funding
GIPA	Tuition fees; Support from the USA State Department, OSGF etc.
ESM	Tuition fees
CSB	Tuition fees; Support from donor organisations - Eurasia Foundation and USIA
IBSU	Tuition fees; Equipment donations
Alma Mater	Tuition fees; TEMPUS program (EU); Premises of dental clinic

As stipulated in the Law on Education, a non-state educational institution shall be financed from the state budget where it executes the state order. But since most of private HEIs are in no way involved in the system of state orders, their financing from the state budget is only possible on paper. This could be changed after the implementation of

⁸ Research of the Department of Sociology (Tbilisi State University)

quality control measures. Accreditation system will identify HEIs, which will be entitled to receive student-learning grants, research grants and carry out state programs.

ii) fee rate by courses

Tuition fees vary over the range from 400 to 3000 USD per annum at different HEIs, depending on a program and specialisation. Notably, all institutions show a tendency of fee rates growth.

Table 5 shows data on student's fees split between different programs (Unit: USD).

Table 5.

Georgian Institute of Public Affairs (GIPA)					
Speciality	Years				
Public Administration	1998	1999	2000		
Master's Program					
Tuition fees per annum	500	500	600		
European School of Business (ESM)					
Speciality	Years				
Business Administration	1998	1999	2000	2001	
Bachelor's Program					
Tuition fees per annum	1200	1425	1700	2000	
Master's Program					
Tuition fees per annum	2000	2000	2500	3000	
Caucasus School of Business (CBS)					
Speciality	Years				
Business Administration	1999	2000	2001		
Bachelor's Program					
Tuition fees per annum	1000	1000	1000		
Master's Program					
Tuition fees per annum	1500	1500	1500		
International Black Sea University (IBSU)*					
Speciality	Years				
Business Administration	1996	1997	1998	1999	2000
Preparatory classes	500	500	500	550	1000
Bachelor's Program					
Tuition fees per annum	700	1750	1750	1750	1750
Alma Mater University					
Speciality	Tuition fees per annum for 2001				
Bachelor's Program					
German language and literature	400				
English language and literature	550				
Economics and business	450				
Journalism	500				
Law	500				
Government officer	500				
Dentistry	800				
Master's Program**					
Economics					
Business administration					
Government officer					

Political science	500 to 1000
Psychology	
Sociology	
Foreign languages	
Journalism	

* In 2000-2001 academic year, tuition fees (p.a.) were different for students from the former Soviet Union republics and other countries: 1000 USD for students from the post-Soviet space and 1750 USD for students from other countries.

**Master's program opened in 2001. No admissions yet (scheduled to open in October 2001). Exact prices by specialities are being established.

iii) pattern of expenditure

Pattern of expenditure of private HEIs seems to be quite different of this of state universities, although in both institutions salaries comprise the biggest rate of the budget. Private high educational institutions can cut costs by eliminating resources they deem expensive or unnecessary. Yet these items may also be deeply embedded in the traditional educational system. Organisation of the learning process is more effective due to different approaches, as following activities:

- Downsizing the full-time faculty;
- Reducing the number of instructional hours;
- An emphasis on lower-cost courses, such as business.

Theoretically, such an organisational pattern would lead to increased revenues and higher profits for the institution. But due to unregulated taxation policy, (private HEIs spend more than 53% of their income on taxes), most private HEIs can only make very low profits, if any.

Table 6 presents the pattern of expenditure of each institution for the current financial year.

The data presented show differences in the character of expenditures from institution to institution.

Expenditures on personnel account for over 60% in GIPA, ESM and IBSU, while in Alma Mater University they only account 15%. At the same time, Alma Mater spends more for equipment - 37% of total income, compared to 5 and 10 percent at ESM and GIPA. These differences result from the fact that Alma Mater is the only private university in our survey founded without any foreign participation, for which reason it has to spend its own resources to provide facilities, equipment, etc. At the same time, Alma Mater operates the Faculty of Dentistry, where the learning process incurs considerably higher costs than business or management faculties. Very low share of equipment costs (0.4%) at IBSU can be attributed to the support from the foreign partner (as in ESM and GIPA) providing supplies of the required equipment.

Table 6.

Georgian Institute of Public Affairs (GIPA)	
Pattern of expenditure	% of income
Salaries	62
Administrative expenditures (advertising, transport etc.)	10

Rent of Building	2
Equipment	10
Other academic expenses	14.5
Expenditures on power/maintenance of own diesel-generator	1.5
European School of Management (ESM)	
Pattern of expenditure	% of income
Salary of teaching staff	43.1
Salary of administrative/managerial staff	23.6
Procurement of equipment, spares and consumables	5.4
Procurement/making of teaching aids	3.04
Expenditures on power/maintenance of own diesel-generator	6.5
Maintenance expenses, including building maintenance	7.7
Transport expenses	1.0
Other academic expenses, including travels and publicity	6.1
Taxes (property, road, defence & etc.)	0.8
Contingencies	3.4
International Black Sea University (IBSU)	
Pattern of expenditure	% of income
Salary (academic and administrative staff)	60.3
Other spending	5.9
Service (police protection and etc.)	5.4
Rent (Building of university and dormitory)	22.2
Facilities (water, electricity, internet and etc.)	1.2
Nutrition	4.6
Equipment	0.4
Alma Mater University	
Pattern of expenditure	% of income
Salary of academic and administrative staff	15
Rent of building	28
Equipment, facilities	37
Taxes	20

In all cases, the level of salaries for academic staff fails to match international standards. However, given the present social and economic hardships, it can be concluded that some educational institutions pay relatively high salaries for instructor's job (on the average 11-20 USD per hour at ESM). Monthly salary of the Program Managers varies at ESM from 250 USD to 500 USD. Minimum monthly salary of technical staff is equivalent to 40 USD (cleaners busy for 1-2 hours a day). Alma Mater has the lowest remuneration numbers: 1.5-2 USD per hour. Salaries at GIPA are much higher: Monthly salary for the Dean is 1 282 USD (including 20% taxes). Technical personnel and drivers have 384 and 540 USD per month, correspondingly (including 20% taxes).

iv) **per student expenditure**

Table 7. Data on per student expenditure (Unit: USD)

Per Student Expenditure	
GIPA	6 700
ESM	1 700
CSB	NA*
IBSU	2 300
Alma Mater**	350-600

* NA – not available

** Different amounts of per student expenditure at Alma Mater University depend on a specific faculty. Average per student expenditure for students at the Faculty of Dentistry amounts to 600 USD per annum, while for students of all other faculties (Law, Foreign Languages, Business Administration, etc.) the figure stands at 350-400 USD.

v) **measure of profitability**

All institutions in our study are non-profit organisations. The money left over after all taxes are paid is minimal. For instance, the maximal profit earned by the Alma Mater University in 1999 was 65 000 Lari (about 30 000 USD). All profit is reinvested in the educational infrastructure of an institution.

Private institutions of higher education have established a fairly adequate system of self-financing. But since the taxation policy still remains uncertain, all institutions encounter serious difficulties as they pay more than 53% of their income as taxes.

Conclusions

A well-organized higher education system can be a good tool to develop a civil society and reduce the poverty. Accumulation of knowledge is one of the major factors in economic development that plays an important role in terms of a country's competitive advantage. The growing trend for individuals to undertake multiple careers and the emergence of the entirely new occupations under new political and economical situation after independence generated a need for introduction of private higher educational institutions. Training qualified professionals in the fields, mostly needed by Georgia at the time of economical and political changes, private educational institutions are at the service of society. Since the state HEIs, with their burden of traditions, were not sufficiently flexible to quickly adapt to changing demands in the labour market, only private institutions could offer students such courses that took account of new realities.

However, under these conditions an issue of growing concern is the quality provided by private HEIs. International standards of teaching and assessment processes are very important for the evaluation of the quality of private HEIs.

Georgia's most successful private higher education institutions are gradually adopting an internationally tested and approved practices of students' assessment that is based on a credit system.

There is a minimum number of credits that are to be covered by a student in order to be awarded a respective diploma. Each credit encompasses both the time to be spent

for lectures/seminars and the time to be spent for work on an individual basis. Accordingly, each parameter gains certain “weight” and gets certain “share” in the final score. Ultimately, a student is assessed based on a set of criteria consisting of 6 to 10 items, such as homework, quizzes, participation, interim exams (tests, essays, oral exams), final exam (oral or written). Assessment criteria and scoring system at most of HEIs are very similar.

If the more or less traditional (German) system of students’ assessment is to be used (which is based on marks), they try to apply a 10-grade system which allows more flexibility in terms of differentiation and, therefore, more precise assessment.

In some HEIs, if a student fails to pass a test twice on end, or fails in five different disciplines, he/she is dropped from the school.

Again in some HEIs, every academic year, based on test results, all students are graded in accordance with their progress. Final rating of a student involves valuation of proficiency acquired in all subjects during the academic year. The rating serves as a principal indicator that determines the amount of tuition fee to be paid by a student and the school’s support in sending the student abroad for internship and job placement.

HEIs and their foreign partners monitor and evaluate the overall program, as well as individual students and the faculty on a regular basis. The program curriculum, activities and procedures are adjusted regularly to better meet the needs of students and the faculty.

A formalised, test-based approach to the teachers’ assessment is gradually being implemented. Assessment results serve as a basis for making a judgement on whether or not a given instructor should be hired for the next contractual period. In most cases, students make such assessments themselves. They do it by means of special tests, using different parameters as assessment criteria: theoretical knowledge, communicative skills, relevance of the lecture, quality of the material presented, etc. In some cases, assessments are performed by the institution’s administration (director, deputy director, and dean). They attend lectures and make their own judgements on the instructor’s skills.

Workloads, graduation rates and employment prospects could be also used as quality assessment criteria.

At successful Georgian private educational institutions both instructor and student workloads in most cases can meet international standards: a weekly workload amounts to 15-20 hours for students and 15-25 hours for instructors.

Table 8 provides information about average graduation rates of HEIs over the last five years. An average graduation index at all private HEIs in our survey is 85%, with the highest rates at GIPA (97%). It is no secret that some young people who have been enrolled fail to cope with the curriculum and, hence, to successfully graduate from a school. This is mainly due to strict academic discipline and exacting requirements that students have to meet.

Table 8.

	Graduation rate
GIPA*	97%
ESM**	62%
CSB	89%

IBSU***	87%
Alma Mater	90%

** High graduation rate of GIPA could be explained by the character of the programs offered and students' composition: since GIPA offers only graduate programs and its students already have a Bachelor's degree as a minimum, their experience helps them to get through the program successfully.*

*** ESM has lowest graduation rates, ranging from 42% to 75% per annum due to very exacting requirements toward the students.*

**** Many IBSU students leave university in order to continue studies at some educational institution in their home country.*

Private educational institutions show a high rate of job placements for their graduates.

Due to well-organised programs, which imply combination of classroom learning and practice, many students can gather job experience during their period studies. This helps them to find interesting and attractive jobs in the future.

For instance, starting from the third academic year a considerable number of ESM students manage to combine their studies with part-time job with international organisations, banks, consulting and audit companies, etc. operating in Georgia.

An average employment rate of graduates of the surveyed private HEIs is 86%.

Reported job placements are shown in the table below.

Table 9.

	Job placements
GIPA*	91%
ESM	87%
CSB	77%
IBSU	92%
Alma Mater**	86%

** About 25% of GIPA graduates are not employed in Georgia: they have left the country to continue education or started working abroad. It should be noted that only 22% of graduates from the Faculty of Public Administration, trained as government officers, work in line with their professional qualifications at public agencies or governmental bodies; others are employed with private, non-governmental or international organisations.*

*** 15% of graduates from the Faculty of Dentistry work in clinics owned by the Alma Mater University. 2 % of graduates from other faculties stay at the university and start their teaching career.*

Measures of equity indicators (age, gender, social status, nationality, religion, etc.) at the private institutions generally follow those by the state HEIs. Traditionally, there was no problem of equity at the state universities during the Soviet period, and state and private HEIs in nowadays Georgia retained the same approach.

Students should have a good command of Georgian, since it is language of instruction at most state and private HEIs in Georgia. However, many private institutions also offer courses in English and German, alongside with state HEIs, offering courses in Russian; so national minorities are given a chance to take an advantage of multi-language tuition.

It should be mentioned that all students, irrespective of their social status, could be admitted to HEIs (in some cases, after passing the entrance examinations). Relatively high tuition fees at the most successful and prestigious HEIs are no longer considered as a barrier – rather, they are seen as a judicious investment into a secure future.

Comparison with public HEIs

There are many similarities as well as differences between private and state providers of tertiary education in Georgia.

The growth rate of enrolments in private HEIs is equal to those in the state sector. The quality of private HEIs varies, however, from the few that are highly competitive with the state sector to others that are doing little more than selling diplomas.

Tuition fees at the fee-paying sectors of state universities and private HEIs appear to be similarly variable. It should be noted that some of the most popular private institutions increase their tuition fees from year to year, but higher costs do not affect their student enrolments. For instance, one-year tuition fees at ESM increased from 650 to 2000 USD in the period between 1996-2001.

Due to a good reputation of the surveyed private institutions, their graduates have no difficulties in finding interesting and well-paid jobs. As mentioned above, in general 86% of graduates find jobs immediately upon graduation. The highest employment index among the state universities is shown by the Faculty of Communications of the Georgian Technical University with 26% of employed graduates⁹, while the general index at the other faculties of the same university amounts to 3-4%, which is an exceptionally low figure.

However, our survey provides data on the most successful private institutions. There are no statistics about employment rates of graduates from other private HEIs. Since their quality is believed to be low, it is unlikely to expect a high employment index. Moreover, there are unofficial directives issued in a number of governmental agencies to employ only graduates from the state universities, which is another proof to the fact that many private HEIs are just selling diplomas without providing any required qualifications or knowledge.

But despite of this, the social demand for the tertiary education continues to be high.

After the economic collapse of the early 1990s, many enterprises were shut down and the employment capacity went down to a minimum. Unemployment became one of the most severe problems Georgia faced. It was especially frustrated for the young people to be left without any prospects for future. Instruction at HEIs was seen as one of the alternatives that created an illusion of solving the unemployment problem. But nowadays, university diploma, obtained either in state or in private educational institution fails to

⁹ Tamaz Kupatadze "Evaluation system" Tbilisi, 2001.

guarantee employment. Hence, the tertiary education does not solve the problem of employment for young people, it only postpones it for a later period.

The excessive number of state and private HEIs led to the emergence of a huge army of people holding diplomas certifying their higher education. Their vast majority has no prospects of employment, at least in accordance with the diploma qualification. This leads to contradictions in the society and is fraught with conflicts. A social explosion seems to be inevitable, as the market will not be able to provide jobs for everyone.

One important aspect should also be considered: colleges and universities are becoming global players in an environment with open borders. Due to globalisation processes, an enhanced movement of skilled labour is increasingly becoming a sign of the times, and internationally certified qualifications (valid diplomas) will be of advantage for individuals who wish to find employment abroad. Four out of the five surveyed private HEIs have been founded by international organisations and/or are branches of foreign educational establishments, which means that their diplomas are considered at a par with some European and American ones. This implies not only better opportunities for their graduates to meet the demand existing in the global labour market, but is also important in terms of the further development and improvement of higher education system in Georgia.

Due to a considerable number of private institutions, higher education has become accessible for larger numbers of people.

Due to a large number of private HEIs and their geographic distribution in the country, increasing numbers of population can attend higher education. It is to be noted, however, that even though private HEIs have improved access to tertiary education for less privileged groups, including students coming from rural areas, the tertiary education in Georgia generally remains a prerogative of the elite, with the majority of students coming from wealthier segments of society. The likely outcome of this situation could be a system that provides free, elite education to the well-prepared wealthy, allows less-prepared students with an adequate financial capacity to pay tuition fees to attend private universities, and excludes low- and middle-income students or imposes on them a burden of debt required to pay for private tuition.

The most important question is whether or not the overall quality of the higher education system is compromised with the entrance of private institutions.

Introduction of private institutions tested the ability of state universities to compete.

Competition of private and state HEIs became complicated due to introduction in the latter of the so-called private (fee-paying) sector: beginning from 1993, tuition fees have been introduced in the state higher educational institutions. The number of students at the so-called “fee-paying sector” has gradually increased and presently over 35% of the total student body study at the non-budget sector. Introduction of fees was a forced step: universities had to take this measure in order to survive in the dire socio-economic situation they faced.

Given the right to raise funds, the state universities began to accumulate additional revenues from providing commercial educational services. However, because of the unregulated taxation policy, the state HEIs face problems in terms of disposition of their funds. Since HEIs are not classified as non-profit organisations, they have to pay excessively high taxes to the government (up to 53%).

Competition was a motivator for state HEIs to upgrade their quality. Most of state institutions have changed the structure of their programs replacing them with western undergraduate and graduate system and introducing new subjects and curricula, particularly in economics, social science and law. These were fields where private HEIs dominated the market, due to modern programs and new approaches of teaching. Recent sociological surveys¹⁰ showed that private HEIs (in particular, ESM, CSB and GIPA), compared with state universities, can ensure a higher quality of teaching in these subjects due to their well-organised learning process, better facilities and qualified teachers. Again, this cannot be said of the other private universities and colleges. Due to poor qualifications of their teaching staff and hastened time-to-degree requirements, many private HEIs fail to provide high qualification for their students.

It is believed that competition and market forces in higher education will push all institutions to higher quality standards. Creation of competitive environment after introduction of private HEIs in Georgia forced the state universities to revise and reassess the existing system, which led to the creation of fee-paying sectors, new faculties and new programs. This was a positive shift in the development of the higher education system, though reforms were often chaotic and unplanned.

Therefore, introduction of private higher educational institutions in 1991 was the first step towards the privatisation process.

Even though the surveyed private institutions are leaders in the field of teaching economics and business management, they are not in a position to cover the whole range of professions. In higher education there are certain programs that are important to the society but are expensive to run and therefore not necessarily attractive to the market. Since many private institutions are profit-oriented, this can impact programs in which an institution is willing to invest. The worth of a course of study or even of an institution to the society/country cannot always be measured by the level of interest it generates in students or the latter's ability to pay. Society needs certain programs and courses that are crucial to Georgia's cultural and social development, and should be supported by state.

Despite the existing differences, there is a close interdependence between the private and state institutions. Many of private colleges depend on the renting of state school or university facilities and on part-time services of the academic staff of the state institutions, while state institutions and their staff (whose salaries are extremely low) depend on private institution as a supplementary source of income. However, working at the same time at many private HEIs means increased workloads for instructors and as a result, decline in teaching quality.

Nevertheless, there is a threat that private institutions pose to the state HEIs: state universities find themselves losing income-earning courses; they also can also lose their qualified teachers. This is a good reason to rethink the general approach to the higher education system and to change it. Due to the competition from the private education providers, a number of steps have been taken to adapt to the new market conditions. Introduction of two-step programs and credit system¹¹, changes in the system of entrance examinations could be seen as the beginning of a reform in the state higher education system.

¹⁰ Survey of the Department of Sociology of the Tbilisi State University (forthcoming)

¹¹ Credit system is adopted by the Tbilisi State University and Georgian Technical University

State universities should be aware of a severe competition from the new tertiary education providers, such as virtual universities, corporate universities, franchise universities. Thus, reforms of the higher education should encourage each institution to strive for higher standards in all its activities.

At present, the proper evaluation of the quality of the higher education system in Georgia is impossible due to the fact that attestation and accreditation procedures are not clearly defined yet. In addition, the typical problem of small countries makes the process of certification and quality assurance more difficult. Thus, a setting of a regional assessment center for Caucasian countries, initiated by the Council of Europe, could be the solution of this problem.

A social impact of the private educational sector has not yet been evaluated. Emergence of private higher education in Georgia was an unplanned and, for the most part, unregulated development. Private HEIs served to help attaining the ambition of getting higher education that has traditionally been very strong in Georgia (unfortunately, on many occasions the drive is to obtain a diploma, not knowledge). But since the situation in the employment market in Georgia has not yet improved, it is highly unlikely that there will be any high demand for such a considerable number of people with higher education in the foreseeable future, as there are no jobs. In many cases, qualification of private HEIs' graduates is too low to allow them to meet competition in the conditions of market economy and to be successful. Therefore, students in many private HEIs will find themselves holding degrees of a questionable value.

Increased number of unemployed people with university degrees could cause the snowball effect; social tension or even a social crisis seems to be inevitable in the nearest future.

Unfortunately, little is done to rise public awareness on this issue. Georgian society is not ready to deal with the problem of increased unemployment. The old Soviet infrastructure of adult training has been destroyed and not replaced with the new one. There is practically no tradition of the lifelong learning.

System of higher education in Georgia should be adopted to the new social and economic realities and intersectional approach seems to be the most effective tool to avoid the social disaster. Links between HEIs and labor market should be reestablished; quality of both state and private HEIs should be increased.

The low quality of most private HEIs led to significant negative results and only few private HEIs from our survey cannot change the whole picture.

Reform of higher education in Georgia has to follow the general pattern of the system development in the world: decrease of public funding and increase of private funding in the high educational system. State and private HEIs should be brought in the same starting positions, despite of form of ownership, in order to create truly competitive environment. Nowadays the Law on Education is discriminative to the private HEIs and inhibits their development.

But despite the lack of clarity regarding the legal status of higher educational institutions and the unregulated taxation policy, introduction of private HEIs in Georgia can be seen as the very important step towards establishing a modern higher education system.

The elaboration of general strategy of development of Georgian high education system should address all of above mentioned problems, including the clarified definition of terminology and determination of mechanisms of funding.

Georgia has to develop an educational policy that would structure a balanced market of higher education and ensure the availability of the required programs. Society shall take advantage of the opportunities of the new providers, but institutional and program diversity should be maintained.

In these terms the role of Georgian Parliament is hard to overestimate. Under the auspices of the Parliament of Georgia a team of Georgian and European experts was established to elaborate issues related to the further development of HE system. Representatives of state and private HEIs were actively involved in the developing of the conceptual document determining the main directions of higher education development in Georgia.

On March 1, 2002 The Parliament of Georgia adopted the decree “The Main Directions of the Higher Education Development in Georgia”, defining the aims, principles and objectives, which will serve as the basis for further higher education legislation. This will help to realise Parliament’s ambition of creating the regulatory base for a modern system of higher education that rises to the challenge of contributing to the social, political, and economic development of Georgian society.

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