

# The Factors that Affect the Demand for Private University Education in Sri Lanka.

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**Abstract-** In Sri Lanka, university entrance is highly competitive with only two percent of students having the opportunity for admission. This situation manipulates a severe competition among students and it gives rise to the establishment of private universities. This establishment creates numerous issues on social and economic aspects. Recently in Sri Lanka, there is an increase in demand on private university degree programs. This study attempts to examine the socio economic factors that can affect the demand for private university education of undergraduates in South Asian Institute of Technology & Medicine and Sri Lankan Institute of Information Technology. This study would help the policy makers to improve the quality of undergraduate education. The sample subjects comprised 150 out of undefined number of undergraduates covering both private and public sector universities in Colombo district and the data were gathered through questionnaires. Contributing elements were identified through extensive review of literature and a preliminary study. Finally an instrument was designed with 29 statements with a 5 point rating scale and open ended questions. Chi-square, Multiple Regression Model, Binary Logistic Regression Model method were utilized to analyze the data.

The findings revealed that gender, living sector, parents' educational level, occupation of parents, ethnicity, A/L Stream, A/L attempt, ability to enter to a state university, degree type, specified area of the degree, place of residence and satisfaction of the degree, have a significant impact on undergraduates' education. This study concludes the above socio-economic factors have a significant impact on the demand of private university degree programs.

**Key words:** private university, demand, undergraduates, socio economic.

## **Introduction**

At present the demand for private university education remains wide spread complex and global phenomenon. This change in demand is due to different socio economic factors such as religion, education, social status, family background etc. These changes create both advantages as well as problems on university education and economy such as high cost, social conflict and quality reduction of degree programs which are conducted by the government universities in Sri Lanka. The prior researchers are based on “what are the factors that affect to the demand for private universities education”. But the researchers conducted in this context in Sri Lanka are limited. Therefore, inspecting on this particular area would be helpful for ongoing researches. Therefore the investigation is important to policy implementation and develop the tertiary education system through government policy making process.

According to the research, Sri Lanka needs more universities and increase the annual intake of students. This is not an easy task for the government, with other priorities in health, transport and infrastructure development etc. Therefore, government face difficulties in investing new state universities.

The quality of the university education vary from country to country. Especially, this is commonly seen in developing countries like Sri Lanka. Private university education will continue to be a part of globalization process and it has created a strong demand in the education system. So that private university education is gradually becoming recognized as a key factor for the growth of university demand.

In this research the main objective is to identify the factors that affect to the demand for private university education in Sri Lanka and specific objectives are, to identify the impact of public and private university education on undergraduates demand and identifying the students’ demand differences among public and private sector.

## **Methodology**

The selected population was the undergraduates who study in public and private sector in four universities in Colombo.

This sampling process was based on the stratified and simple random sampling techniques. The whole population has been divided into sub groups or strata and then selected undergraduates are a proportion out of the total final sample.

150 undergraduates were selected as the sample representing private and public sector. Among them private sector represents 90 undergraduates and public sector represents 60 undergraduates. Among four universities, two universities represent the private sector and other two universities represent the public sector. SLIIT & SAIM selected as two private universities. Among public sector two universities selected such as Colombo and Jayewardenepura are the two state universities.

### **Data Analysis**

Multiple regression analyzing method and Binary Logistic regression analyzing methods are used as the analyzing tools in this study.

### **Multiple Regressions Analysis Procedure**

Multiple Regression model used to analyze the expenditure on private universities degree programs.

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \dots \dots \dots + \beta_nx_n$$

Y= Expenditure on private university degree programs.

$\beta_0$ = Constant or intercept

$\beta_0 - \beta_1$ = Slope or Coefficient,  $x_1 - x_n$ = Independent variables that are explaining the variance independent variable.

$X_1$ =Income,  $X_2$ =Complementary Expenditure.  $X_3$ =Transport Cost.  $X_4$ =Number of Institutions.

$X_5$ =Ability to Enter Public Sector University.  $X_6$ =A/L Stream.  $X_7$ =Living Sector.  $X_8$ =Gender.

$X_9$ =Place of the Student in the Family.

## Binary Logistic Analysis Procedure

Binary logistic regression analyzing method is used as two aspects. In first logistic regression analysis, test whether undergraduates engage in a private university. The dependent variable assumed the value 1 for private universities and 0 for government universities.

$$\log \pi = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \dots + \beta_n x_n$$

Dependent Variable: University education by Undergraduates

0= No, 1= Yes

X=(X<sub>1</sub>, X<sub>2</sub>, X<sub>n</sub>) are explanatory (independent) variables and linear in the parameters

$\beta_1, \beta_1$  Parameters, X<sub>1</sub>=Income, X<sub>2</sub>=Complementary expenditure, X<sub>3</sub>=Transport Cost,

X<sub>4</sub>=Number of institutions, X<sub>5</sub>=Ability to enter public sector university, X<sub>6</sub>=Stream.

X<sub>7</sub>=Sector, X<sub>8</sub>=Gender

## Results and Discussion

According to the findings, demographic factors such as gender, ethnicity, age and living sector have shown considerable variation regarding the demand for private university degree programs. Concerning the gender, among both government university and private university undergraduates 81% and 44% male respectively and 44% and 56% of female respectively. That means female express higher demand for private university degree programs than male. This difference occurs because females have more opportunities, freedom, willingness and higher education opportunities in private universities.

Based on the ethnicity, Sinhala and other ethnic groups like Muslim undergraduates engaged with private university education. As a whole, 98.72% of contribution have been represented by the Sinhala category for private university education while Muslim and Tamil representation for private universities is very low (1.28%) due to their social and cultural barriers, lack of educational opportunities and less preferences.

**Table 1: Factors affect to Expenditure on Private University Degree Programs**

Predictors	P values	Predictors	P values
Constant	.000	University name	.001
University	.000	Degree	.000
Mothers Edu Level	.649	A/L Shy	.351
Fathers Edu Level	.930	Degree Type	.510
A/L Stream	.010	Monthly Expenditure	.041
Z –Score	.003		

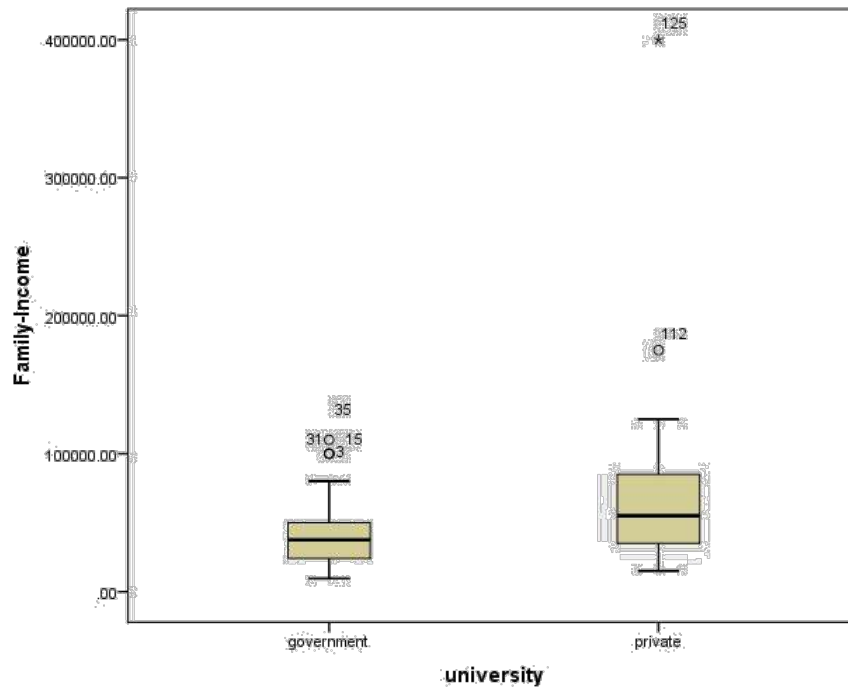
Considering p value of the selected variables, University category, A/L Stream, A/L Z-Score, University name, Degree and Monthly Expenditure were significant at 95% confidence level and 5% significant level.

Under the Binary logistics Analysis, five explanatory variables have been studied to check which explanatory variables are associated with demand for private University education.

**Table 2: Factors affect for the University education by Undergraduates**

Variable	P- Value	Conclusion
Age	0.000	There is a relationship between demand for private university education and age.
Family Income	0.000	There is a relationship between demand for private university education and family income.
A/L Z score	0.000	There is a relationship between demand for private university education and A/L Z Score.
Degree fee	0.986	There is no relationship between demand for private university education and degree fee.
Monthly Expenditure	0.000	There is a relationship between demand for private university education and monthly expenditure.

According to the results of Binary logistics analysis, only four explanatory variables were associated with private university education and remaining variable of degree fee did not show a considerable relationship with the response variable



**Figure 1: Sample Distribution of Family Income of the Undergraduate**

According to the above figure it portrays the family income of undergraduates of private and state universities. The high income families are more concerned to render educational needs for their children due to the existence of private universities in Sri Lanka. If there are no private universities in Sri Lanka then outflow of Sri Lankan money into foreign countries would occur. This directly affect to the BOP in Sri Lanka. On the other hand this paves the way to middle income earning groups to participate in higher education. This group does not have a sufficient income to send their children abroad for higher educational needs. But now due to the establishment of private universities it opens the door. This is a positive feedback.

There is a highly considerable difference between private university education and government university education among urban and rural sector. When considering the urban undergraduates, higher portion are in private universities. However, living sector could not be identified as a significant predictor of overall demand for private university education.

Under socio economic profile, education level, monthly family income, employment, monthly expenditure emerged as significance factors with demand for private university education.

There is an excess demand in higher education. This excess demand is caused due to the higher competition among the younger generation. And due to the shortage of government resources to fulfill this uprising demand. Therefore the government is unable to facilitate free education for all of them. Government is already incurring a huge amount of expenditure on free education. Therefore the government is not in a situation to satisfy all the current requirements. Hence as an alternative the government is trying to promote private universities under the state supervision.

According to the findings it can be observed that there is a trend among the middle income earning family female students those of whom who are already selected to the state universities prefer to enter to private universities. The reason for this fact is they are highly concerned in completing their degree program in a specific period of time. Which is a highlighted feature in private universities. But when it comes to state universities due to external factors such as ragging, boycott, picketing and so on. State universities are unable to proceed the degree program within the relevant period of time. Therefore state universities have to consider this fact and take necessary precautions in order to evade this fact.

According to this situation there is a threat for the state universities. Therefore state universities have to reconsider to develop their courses in order to fulfill the modern job market requirements. And it should develop a severe competition with the private universities. Through this competition it will directly effect to develop the higher education in Sri Lanka.

According to the findings the family income is an important demarcation for high demand in private universities. Families with high income have a stronger performance for private higher education. And families with low income are less motivated. As a solution poor income earning families can be encouraged and motivated by introducing loan schemes and bonds.

## **Conclusion**

In conclusion, the expansion of private university education has been brought about by the ever increasing demand of university education. The heavy burden of government expenditure on higher education demanded the subject of the establishment of private universities. Consequently the free primary education and free secondary school education has led to increased demand for higher education. The absorption capacity of government universities is limited thereby leaving out many intellectual A/L students who are unable to enter to the state universities due to the

limitation of students' intake by the so called Z- score. It is in light of this scenario that the private sector can play a crucial role in the establishment of private universities to fill the gap left by the government universities.

Moreover it can be concluded that the high participation of females in private universities is due to the fact that females have more chances, freedom, willingness and higher education opportunities. In addition in the 21<sup>st</sup> century females are not willing to be bounded only by domestic chores and also they expect to complete their degrees without a time lag which generates a high demand in higher education. However there are some criticisms that private universities mainly target on profit orientation.

With the establishment of private universities it generates opportunities for not only high income earners but also middle income earners who cannot afford for foreign higher education. Consequently this enables a positive impact on GDP since it prevents the outflow of money into other countries due to the availability of private higher education within the country itself. Moreover, Sri Lanka is reputed for its quality in higher education than other countries such as China, Russia, and Bangladesh and so on. Therefore this also increases the demand for the establishment of private universities in providing quality education.

As per the final conclusion it can be concluded that through the establishment of private universities it creates an efficient competition on the state universities which will lead to inculcate the standard of higher education



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