The Consequences of Private Sector Growth on the public sector, parental choice, and systemic equity: Research evidence from Nepal

Priyadarshani Joshi
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Research Evidence from Nepal

Priyadarshani Joshi

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A public-private education system

Education bureaucracy
(national, district, sub-district)

Private school associations

Private

Public

Students
Parents
Teachers, principals
Research Questions

• How and why do parents select schools? How do they continue to engage with schools after choosing them?

• What is the public sector’s experience of and response to private competition?

• How do private school actors view their role in the education system?
Research Motivation and Perspective

• Choice a global trend and academic focus (charters, vouchers, home schooling, private schools, etc.)

• To focus on process: In developing countries, there is a lack of focus on “analyzing the processes through which schooling decisions are made, and how households interact with schools once they make that choice” (Srivastava)

• To focus on local experiences: We need a better understanding of local education markets to understand how competition is experienced and whether there is any choice (Betts, 2009; Lubienski and Weitzel, 2010)
Investigate key aspects of the choice debate

Expected Benefits and Concerns

**Parental Choice**
- Better match children to schools, more engaged and satisfied
- Sorting by income and ability (who chooses, who loses?)

**Public schools**
- Face competitive pressures, and respond with improvement efforts
- Inappropriate to view as a market, difficult to incentivize reform

**Private schools**
- Responsive to parental demands, need to provide quality
- Shifts focus from social good aspects of education; focus on getting “most desirable”

References: Chubb and Moe (1990), Schneider, Teske and Marschall (2000), Lubienski and Weitzel (2010); Hsieh and Urquiola (2006); Levin (2002)
Research Design & Context
Research Design

field sites for primary data collection in Nepal

- Mustang
- Kathmandu
- Kavre
- Chitwan
- Dadeldhura
- Jhapa
- Sarlahi

In-depth
Supplementary
Research Design

data

**Primary Sources**
- District-Level Private School Records (Kathmandu, Chitwan)
- National School Records
- National Exam Records
- Population Census
- Living standards survey
- SLC study 2004

**Secondary Sources**
- Parent focus groups, surveys
- Living standards survey

**In-Depth Data**
- Kathmandu
- Chitwan

**Supplemental Data**
- Mustang
- Kavre
- Jhapa
- Sarlahi
- Dadeldhura

**Quantitative**

**Qualitative**

SECONDARY SOURCES

PRIORITY SOURCES
Country Context

- Low-income, landlocked/difficult topography, high ethno-linguistic diversity
- Political instability, high migration
- Private schooling growth fueled by demand and supply side factors
- Public education reforms: per-child funding, decentralization

the development of a two-tiered system

Private Market Shares

Student pass rates (High School Exams)

% Dalit (disadvantaged population)

Sources: Population Census 2011, National Examination Center records, EMIS national administrative records, NLSS surveys I, II and III
Issues with two-tiered education system

“5 public schools displaced due to shortage of students”

“Protests in private schools over raising school fees”

(Nagarik National Daily | May 15, 2011)

(Nagarik National Daily | May 4, 2012)
Parent decision-making

Why and how do parents select schools?
How do parents continue to exercise choice after selection?
Framing the process of parent decision-making

Schneider, Elacqua and Buckley (2006); Schneider, Teske and Marschall (2000); Hirschman (1970); Srivastava (2007).
Financial constraints and children’s interest key to school selection

How: through informal networks, local knowledge, and child interest

Why: proximity, ability to pay, “quality”, English medium

Child role in decision-making

“I had no idea about this school. She said that I will go to this school, and asked me for the admission fees. She came back and said that the school needs either the mother or father to come for admission. The next day I went to the school, and got her admitted there.”

The top 3 reasons they selected the school (percent that chose each attribute)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Private</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>Close to home</td>
<td>62.7</td>
<td>66.7</td>
</tr>
<tr>
<td>Cheaper than others</td>
<td>13.3</td>
<td>13.3</td>
</tr>
<tr>
<td>Academic quality</td>
<td>21.3</td>
<td>21.3</td>
</tr>
<tr>
<td>English medium</td>
<td>4.2</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Proportion of parents who chose child decision as one of the top 3 reasons for selecting the school

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Private</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Ed</td>
<td>10.7</td>
<td>4.2</td>
</tr>
<tr>
<td>Med Ed</td>
<td>20.4</td>
<td>4.2</td>
</tr>
<tr>
<td>Low Ed</td>
<td>27.3</td>
<td>4.2</td>
</tr>
<tr>
<td>No Ed</td>
<td>22.6</td>
<td>4.2</td>
</tr>
<tr>
<td>Private</td>
<td>14.7</td>
<td>26.4</td>
</tr>
<tr>
<td>Public</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N = 147
Poor parents do not benefit from existing choice

Focus groups - 2-3 public schools; 1-4 private schools in 6 locations

Dissatisfaction on English education, and disciplinary aspects

Schools not gauging parental satisfaction; parents not communicating dissatisfaction

Less engagement in more high demand schools

parents most engaged and empowered

“Average and above” Public

“Below average” Public

“Smaller” Private

“Well-known” Private
Public sector perspectives

How do public schools experience competition?
What are public schools doing in response to private competition?
What are the factors that mediate public school efforts?
Framing the process of competitive effects on public schools

Motivations/Constraints

Experiences of Competition → Responses to Competition → Outcomes

The local experience of competition

Extent of private sector growth, local enrollment pressures, and how officials perceive this competition.

Competition Measures (Objective and Subjective)

- **Geographic proximity**: How many private secondary schools are within a 1 km. walk from your school? (2011-12)
- **Market share**: Percentage private enrollment in locality
- **Principal perception**: Who are you competing with? (Name 3 schools) (2011-12) [Dummy variable: 1 = name at least 1 private school]
Competitive experience – private school growth?

More private schools

Sources: Private school district records, Principal Survey
Competitive experience — enrollment pressure?

Lower enrollment

The data is restricted to schools that have data for 2006-07 to 2010-11. The sample includes 22,146 public schools and 1770 private schools in Nepal; 266 public and 554 private schools in Kathmandu; and 339 public and 84 private schools in Chitwan.

Sources: Private school district records, Principal Survey
Response: some policy adoptions for competing

“private-mirroring” strategies
- ABCs
- Ties and belts

Instructional time strategies
- TEST PREP
- REMEDIAL

English medium
- Adopted English medium of instruction: 73%

Ties and belts
- Added ties and belts to school uniforms: 67%

EXAM Coaching
- SLC Coaching: 96%
- SLC coaching for weaker students: 45%

Remedial classes
- Remedial classes for weaker students: 35%

Source: Principal Survey, 2011-12
Example: Adopting English medium

- Parental demand for English; what is attractive about private schools
- Public schools hope to stem the outflow of students by providing English medium

Does policy adoption vary by extent of competition?

Logistic Regression Results (Estimated odds ratios)
Dependent variable: $I = \text{Adopted English medium}$

<table>
<thead>
<tr>
<th>Perception Measure (Mentioned at least 1 private school among competing schools)</th>
<th>Odds Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.21**</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Proximity Measure</th>
<th>Odds Ratio</th>
</tr>
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<tbody>
<tr>
<td>Medium competition</td>
<td>0.63</td>
</tr>
<tr>
<td>High competition</td>
<td>0.49*</td>
</tr>
</tbody>
</table>

Interpretation: ** sig. at 5% level; * sig. at 10% level greater than 1: higher likelihood of adopting English compared to omitted category (no perceived competition; low competition)

Rapid recent adoption of English medium

Principal perception measure may capture leadership motivation, instrumental for policy adoption

Source: Principal Survey, 2011-12
necessary conditions for productive responses

Community support

Principal’s Leadership

Child centric learning & Committed teams

Teachers

Resources

Revenue

Time

Bureaucratic support in adopting policies

National

District

Resource Center
constraints to responding

- Lack community support
- Start from disadvantage
- No supplemental revenue
- Lack Bureaucratic Support
- Political party interference
- ABCs
- English medium
Pervasive role of political instability

“Politically, all the teachers are divided. And so are the school management committees. And so is society. When you talk about children, they ask “whose child” they are and “which party” they belong to.”

Deputy Director, Department of Education
A separation of roles for public and private schooling

“
All political party leaders’ children have gone to boarding (private) school. So, whoever is part of the intellectual and educated circle, they have all focused their (education related) attention on boarding school. The government/community school has become a place to play politics and get some additional respect.”

Questions posed to public school principals on challenges

<table>
<thead>
<tr>
<th>% agree</th>
<th></th>
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<tbody>
<tr>
<td>65.6</td>
<td></td>
</tr>
<tr>
<td>59.4</td>
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</table>

- There are more politically appointed teachers who are not concerned with teaching in public schools
- Most of the parents of public school students do not understand the importance of education

Source: Qualitative datasets
Public school exam outcomes are slightly better in high private market share regions, but are relatively much worse than private schools.

No statistically sig. association between public school test scores and private market share, after controlling for background characteristics.

The relative outcomes are lower in high competition regions than in low competition regions.
Private sector perspectives

What are the characteristics of the private schools in the sample?
What do private schools provide, in contrast to public schools?
What do principals think the government role is, and should be?
Private schooling trends

Kathmandu schools – fee-based diversity

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Estimates of monthly and annual fees (in US $), grade 1, 2011-12

Decade of establishment

- Public schools = $8.6 avg. (0 to $182); n = 145

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N = 607

1st grade fee distribution

- Private expansion seems to be more “market-like” in Kathmandu
Private schooling trends

Chitwan schools – narrower fee bands

Private school fees lower, more controlled in Chitwan - smaller size
Private school characteristics

Why was the school started?
• Employment, “clean” investment, social motivations

How?
• Group got together to operate a school (2 to 53 shareholders) (esp. in Chitwan)
• Takeover administrative control from other team esp. in Kathmandu — 150 requests for ownership changes in two year period (2010 and 2011)

Who attends?
• All strata; Most do not have the option to sort students — too much competition in city centers, too few children outside city centers

Why more favored?
• “it’s not that private schools are very good; it’s just that public schools are bad”
• Sole provider of quality education (care, teacher effort, high stakes exam performance) — combination of factors are better
Private school demands

Need productive government role in private schooling

- View private schools positively, recognize contributions to national development
- Support private schools (resources, monitoring, bigger private role)
- Increase communication and reduce hostility
- Develop a separate private education act to stabilize the sector and view private schools as education institutions and not companies
“Best” schools

how can one identify great schools, and what makes them special?
Which are the schools identified as the “best” schools?

Survey Question: which are the best schools in the district? (name up to 3 schools)

Of the 212 public schools, 56 were identified as being among the best schools by other public school principals. Very few public schools were cited frequently.
What differentiates the best public schools?

Most frequently cited schools have better examination performance, and perhaps as a result are in greater demand (higher enrolment, higher fees, entrance exams at the secondary level).

Strong reputation
Private school principal: “We consider School B as a “guardian of all schools in this whole locality”. And we learn from them.”

Within-school functioning
Targeting student performance
Motivating teachers by leading through example
Bigger student role in monitoring, providing suggestions
Involving parents in monitoring, helping motivate students

Vision for public schooling
“It is not enough for just us to improve – only one school improving is not enough. Need 10 to 20 to do well to bring children back to public school. We need to build confidence for this to happen.”
What works?

Keep politics outside the classroom
[Principal, School B]

I don’t say things like I am a pure teacher and have no interest in politics. I just don’t advertise and promote it.

There are all kinds of [politically affiliated] teachers here – the reason the team is still well formed is because none of the teachers can say that the headmaster has particular favorites or is biased towards someone or the other because of their ideological orientation.

I am aware of not letting that bias to be felt.

Teach in public schools
[Principal, School A]

My three children passed from this school itself. I cannot send them to the private schools. It’s not that I don’t have the (financial) capacity, … but I have the confidence that all the children will pass from this community school with 1st or 2nd division results and make their own progress.
Challenge of social prestige, even in the best public schools

"We surveyed 100 local guardians – why don’t they come even though our results are good? We got three points of feedback.

First our school has no English medium – that was the main issue.

Second, they said that the students of the school are children who was dishes in other people’s homes, and we feared that they would spoil by being in bad company.

And third, most of them said that – school B is a government school. The fear was that their social status would fall."

Source: Qualitative datasets
Conclusions & Implications
Circling back to the choice debate

Implications from the Nepal case

<table>
<thead>
<tr>
<th>Parental Choice</th>
<th>Better match children to schools, more engaged and satisfied? Yes, primarily middle class</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Sorting? Yes, unregulated choice, based on financial capacity</td>
</tr>
<tr>
<td>Public schools</td>
<td>Face competitive pressures, and respond? recent focus on “private mirroring” policies due to extreme enrollment pressures</td>
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<tr>
<td></td>
<td>Difficult to incentivize reform, inappropriate to view as a market? Yes, politics and loss of community support propel the public-private divide</td>
</tr>
<tr>
<td>Private schools</td>
<td>Responsive to parental demands, need to provide quality — Yes, focus on test score outcomes, English medium</td>
</tr>
<tr>
<td></td>
<td>Focus on getting “most desirable”; shifts focus from social good aspects of education? — not all private schools super selective, but sorting and profit motive are concerns, private schools need govt attention</td>
</tr>
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References: Chubb and Moe (1990), Schneider, Teske and Marschall (2000), Lubienski and Weitzel (2010); Hsieh and Urquiola (2006); Levin (2002)
Facilitating research and policymaking
data and policies

• Build localized, process-based data systems learning from other education data systems
  o Existing data: integrate and increase the accessibility of existing school-level data
  o New data: instructional and noninstructional policies, school financing, parental SES, different data system for private schools

• Streamline roles of local level personnel
• Improve teacher distribution and financing equity
What can, and has worked?

“The plant is dry... It’s not dead yet. But, it has nothing — the leaves have fallen. You cannot give it too much water or fertilizer. You have to protect it from sun and water damages, and slowly improve its situation so that new leaves emerge again.

_Private school principal (on the public education system)_

- **Recruit effective principals: importance of good principals who can navigate the political system**
  - Can effectively motivate teachers and minimize political activities within school
  - Partner the best functioning public schools with public schools that require special assistance

- **Fight the perception battle**
  - Need to switch mindset from “schooling for the poor” to accessible to the poor
  - Positive publicity — teachers and principals sending their children to the public schools have led to transformations in some examples

- **Collaboration focus**
  - Politicians could be viewed more productively as strategic partners and not just “interference” — some districts have smoother operations [private sector]
Global implications for the public system and equity

Can private growth make a positive difference?
- Yes, private expansion increases opportunities for the middle to lower middle class — to choose schools; generate employment and contribute to society

What are the effects on equity?
- Loosely regulated systems will lead to significant negative consequences on equity

Can the public sector benefit from private growth?
- Public systems can suffer from stratification and then stigma; hard to reverse with specific reforms
- To benefit public schools, public-private systems requires government commitment and collaborations, and well-timed interventions — hard to transform after long-term decay.
Low and lower middle income countries (WB)
Landlocked countries
At least 10% private school enrollment (WDI — UNESCO UIS)
Fragile political climate (EFA GMR; WB conflict report)
Should the global community invest in for-profit chains that aim to provide private schools for the poor?

Locally grown solutions are important, even more so in unequal societies.
Acknowledgements

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• Family and friends


• Joshi, P. (2018b). *Competitive effects (quality and sorting) of private competition on public school outcomes.* Under review at IJED.
