

# Commercialization of Higher Education: A Review

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## Abstract

Commercialization is the concept from the point view of market and gaining profit and it has been taking place around the world since the beginning of 1999. Under the GATS regime, education was included, and has since been viewed as a tradable commodity. Almost all the countries of the world succumbed to International Monetary Fund (IMF) - World Bank agenda of providing a platform for business in higher education as a solution to solve the crisis in higher education in the era of financial constraints. Since then, higher education has been vigorously commercialized in both developed and developing countries of the world and has become a government-supported service through extensive privatization and regulation. An important consequence of the commercialization of higher education is that students see themselves as customers and education as a product. This is a didactic view of education, as its value is not contained in itself, but in what it can be used to achieve. When education becomes commercialised, the whole purpose of creating organic intellectuals with independent and non-parasitic thinking gets defeated. This paper argues why education cannot be treated as a commodity and is something that should remain outside the purview of market ideology.

**Keywords:** Commercialization, to commodity education, privatization, profit, higher education as a market ideology.

## Education and Its importance

The role of education in human capital formation can be considered as below: Educated society sleeps better development program than uneducated society. Education improves productivity and prosperity, and also improves enriched life experience. It not only contributes to the development of the people but also to the development of the society as a whole. The role of education is central in preparing citizens to participate in society and in challenging the oppression and marginalization that limit their equal and full participation in life. Secondly, it is a means of economic expansion; third, it affects the balance of power in society and, finally, changes in power distribution have many indirect positive effects.

Education increases national income and other cultural prosperity. Therefore, investment in education contributes to the economic growth and development of a nation and serves social welfare. Its function is to promote the value rationality of the society. It facilitates the development of new technologies and integrates these technologies into economic activities. Furthermore, it acts as a welfare indicator, creating positive social externalities, improving social equality, national integration and reducing crime rates. Thus, education brings significant social and economic benefits to the individual and to society as a whole. Education has long been recognized as the key to development in terms of raising political and social consciousness, enhancing knowledge and skills through training of manpower.

## **Higher Education and Its Contribution**

The contribution of higher education in sustainable economic and social development grows every year, and it will continue to do so for the next decades. Higher education is seen as a focal point of knowledge and its application, an institution that makes great contributions to economic growth and development through the promotion of innovation and the enhancement of higher skills. Higher education is important as a way to improve the quality of life and address major social and global challenges. Therefore, higher education is widely defined as one of the key drivers of development performance, prosperity and competitiveness. UNESCO states that its social role provides a link between the intellectual and educational role of universities on the one hand and the development of society on the other. Enhancing skills, the key to a higher standard of living and well-being is only because higher education.

The United Nations Development Program (UNDP) in its Human Development Report, 1990 recognized that the real asset of a nation is its people and that as people acquire more knowledge, they become more self-directed and seek social justice. And begin to understand the equality, a better way, higher education is no longer a luxury; it is essential for survival (UNESCO, 2000) and should be seen as a capital cost and investment in humans, which will yield high returns over many years. The idea that the return on investment in higher education is greater than the return on investment in machines. According to Castro and Levy (2001), higher education serves four important functions. First, the most coveted job in the world of education is academic leadership. Second, it should involve professional development of students by preparing them for the job market. Third, technical training and development is critical for direct entry into the job market. Finally, focus on general higher education for students to develop essential analytical skills that will be useful when employed.

## **The Concept of Commercialization**

Commercialization is the process of bringing new products or services to the market. The broad function of commercialization includes production, distribution, marketing, sales, customer support and other important functions to achieve commercial success of a new product or service. Commercialization is a subset of the broader process of innovation. It is driven by market and profit motives, with firms and others seeking to gain a positive return on investment in research, licensing, product development, and marketing, including through the creation of competitive niche markets. The Oxford English Dictionary defines commercialization as "the principles and practice of commerce; excessive adherence to financial return as a measure of worth". The Investopedia dictionary defines commercialization as "the process by which a new product or service is introduced to the general market. Commercialization is divided into phases, from initial introduction through mass production and adoption of the product. It takes into account the production, distribution, marketing, sales and customer support needed to achieve commercial success. According to the Merriam-Webster dictionary, commercialization means "to manage on a business basis for profit; or to develop commerce; or to exploit for profit; or to degrade quality for greater profit"

## **Commercialization in Higher Education**

The commercialization of higher education is a symptom of a broader shift in our colleges and universities to an academic capitalist regime, in which institutions display increasingly market-based

behaviour and the public good mission takes a back seat to revenue and market share. These capitalist trends have been accompanied by an increase in cheating behaviour among college students, leading many scholars to question the role of institutions in cases of academic dishonesty.

Bakan (2004) explained that professional competence is considered to be the measure of all values. In their perverse pursuit of profit and power corporations are free to exploit anything and anyone for profit and humans are creatures of pure selfishness and materialistic desire. But such elements of an emerging system can prove to be as dangerous as fundamentalism born in history. In a world where anything or anyone can be owned, manipulated and exploited for profit, eventually everything and everyone will be. Thus, commercialization of higher education will ultimately ruin the university.

Today the marketization and privatization of education has started in full swing. Due to marketization in education, college admissions are charged huge admission fees. The result is that a parent who does not have money cannot afford higher professional education to his child. Some people use the money earned from other education. This is a tragedy. Today government spending on higher education is decreasing. There is no point in blaming the government. Government and politics are indispensable in a country. We should be optimistic. As Napoleon's imperialism was big, Shivaji Maharaj's imperialism was big despite his small state. Is today, challenges such as privatization, marketization, lack of quality, lack of brotherhood are facing today's education system. As an alternative to this, there should be new nationalism, professional education, equality of men and women. The social awareness that wherever I go, there are my brothers and sisters should be created through education. Any social feeling is the soul of a developing human life. The use of technology should be maximized in education; But don't get addicted to technology. Likewise, parents should encourage their children for education; but the curriculum should not be imposed on them. They need to be educated about this. Still many villages of the country have not reached technology. Privatization is acceptable for higher education. However, commercialization should not happen. Education system should be used to create social awareness.

An important consequence of the commercialization of higher education is that students see themselves as customers and education as a product. This is a didactic view of education, as its value is not contained in itself, but in what it can be used to achieve. What matters is the capacity. The customer has one entitlement a ticket to a better standard of living. Teachers have turned into service providers and higher education is increasingly adapting itself to the market perspective. Stakeholders- Government, community, parents and others are contributing as social forces to support the system of commercialization of higher education. Market forces detract from quality assurance especially in countries where governments play a subordinate role and become an appendage to private actors. Higher education is offered by many providers - domestic as well as foreign. Many of these providers are not accredited and recognized in their home country, but are entering the market providing cross-border education, setting up their branch campuses in the host country and providing internet-based education. The concept of higher education as an activity in which students and teachers jointly engage on behalf of the people of the society has been broken with the marketization principle. In other words, the commercialization of higher education has led to a decline in the 'freedom and autonomy of the people'.

When investment in higher education is made with the aim of making profit, it can be said that higher education is being commercialized. The process of liberalization and privatization of the economy as a result of globalization has led to the emergence of many private players, who in most cases are guided by profit-motivation. These private players can be educational trusts, charitable institutions, missionaries, individual scholars or non-resident Indians (NRIs). When education becomes commercialised, the whole purpose of producing independent and non-parasitic thinking 'organic intellectuals' is defeated. As a result of deliberations in the National Seminar on 'Privatization and Commercialization of Higher Education' held at National Institute of Educational Planning and Management (NIEPA), New Delhi during the year 2006, it was observed that higher education cannot be commercialised and easily defined empirically. The report of the symposium suggested a liberal definition, "Commercialization of education refers to a process of private ownership and management of educational institutions with the objective of making profits"

It has been observed in this report that: Commercialization of education takes place in two ways, first, if a surplus is generated over the cost and second, if a surplus is also generated, it is purely appropriated as income to the investor and not reinvested in education. This means that commercialization in its current form of privatization will continue covertly rather than overtly. Although the definition may remain a bit vague, the principle can be defined. In terms of theory, any unfair practice that leads to the production of a surplus should qualify for the term commercialization. Further if a reasonable surplus, not more than 5-10% is generated on the capital investment, it should be invested in the same institution with a view to upgrade the quality of education.

## **Roots of commercialization of Higher Education**

The process of globalization and liberalization that started in the nineties is still going on at a fast pace. The education sector is also not far away from this. Many foreigners and private enterprises of the country are showing interest in higher education. Therefore, the challenge of surviving in the competition of government schools in the country is standing today. This started the commercialization of higher education. In the last 60 to 70 years, government schools have been the only way to educate the children of deprived, poor, backward and rural parents. But today, can these schools survive in the presence of private and self-financed schools that charge huge fees and provide the same quality education? Such a question arises. Therefore, it seems necessary to try to prevent the privatization and marketization of education through the Right to Education Act.

Since the early 1990s, higher education has been increasingly commercialized around the world. The structural adjustment program under the New Economic Policy, 1991 ushered in the liberalization of markets, the elimination of protective trade barriers, and the privatization of social services such as education and health. Under the GATS regime, education was included, and has since been viewed as a tradable commodity. Almost all the countries of the world succumbed to the International Monetary Fund (IMF) World Bank agenda of providing a platform for business in higher education as a solution to solve the crisis in higher education in the era of fiscal constraints. Higher education was declared a 'non-merit good' and its public funding were discouraged. Governments were called upon to redefine their role in the production, provision and funding of higher education. Privatization, diversification of sources of funding including cost-sharing with students, and free entry of foreign capital and investment

in higher education were welcomed. Since then, there has been a vigorous commercialization of higher education in both developed and developing countries of the world.

Privatization and Commercialization India has the largest number of students in the world, around 315 million. Accommodating all students is not an easy task. In the current changing social and economic conditions of the country, recent changes in the Indian economy and political influence have demanded private institutions to provide education to all. In India, both public and private institutions operate simultaneously. It has become difficult for private colleges to get grants so many universities have recognized unaided colleges and many universities have allowed new 'self financing' courses. More than 50 percent of higher education in India is provided exclusively by private institutions. The government needs to be vigilant to ensure that privatization does not lead to commercialization. Also privatization of institutions should not adversely affect the interests of efficient but economically backward sections of the society. Privatization are one of the major global trends in higher education. Deeper development and expansion of private institutions, increased reliance of public institutions on private funding, and business-like management of institutions are commonly understood. Privatization is the application of market principles to the operation of public institutions of higher education. Since the ownership and management of the institutions remain with the public authorities, the services provided by the institutions have a cost. The cost of student fees charged may in some instances be equivalent to full cost or full cost-plus-profit.

The commercialization of higher education through extensive privatization and regulation has made it a government-supported service. With regard to the provision and funding of higher education, funding is falling sharply short of the quality and quantity of educational support to students in universities and higher education institutions. Virtually all universities and colleges around the world today face the twin challenge of revenue growth and expenditure control. In order to attract funds from public and private sources, universities and colleges have to prove themselves as good directors of their resources. The government is promoting education through neoliberalism. Governmentization of higher education, which is seen in the form of budgetary cuts, disinvestment in education, reduction of public subsidies and promotion of private-public partnerships in the provision and financing of higher education. Universities and higher education institutions are becoming increasingly starved of funding for quality and quantity. Almost all universities and colleges around the world are facing the twin challenge of revenue growth and cost control. In order to attract funding from public and private sources, universities and colleges must prove themselves as good stewards of their resources. Only then commercialization of education can be banned.

### **Higher Education and New Balancing Act:**

In the development of individuals, professionals and society, higher education has to play an important role. Higher Education well-being is unarguably crucial but unpacking what that is, and sustaining it, is a complex exercise. It requires continued critical analysis of the broader context and purpose of higher education, the systems within which it operates, the policies that inform it, the type of institutions, programmes, teaching and learning, and practices of all stakeholders (students, staff, industries, communities and so forth).

Commercialization of higher education can also be seen especially in the case of private universities and deemed universities which sometimes lower the entry requirement to lure more students. However, many university graduates are disabled and have to be trained from scratch before being able to work. Modular degrees undermine the traditional liberal approach to education and encourage a disjointed aggregation of items rather than being welded together as a coherent whole based on a deep understanding of the student client.

Innovative strategies are needed to increase revenue through cost control and recognizing the need to partner with stakeholders who are facing the financial crisis of quality education. To maintain their revenue, higher education institutions increase tuition fees. In addition, some universities have reduced the number of teachers and left positions vacant. Many institutions have reduced reliance on full-time faculty and resorted to using more part-time and contract faculty. Salaries have been reduced compared to national and international standards, research funding is hard to find, accustomed perks have been lost and traditional security has been replaced by casualization and short-term contracts. Other sources of revenue generation are research partnerships with industry, patents, sales of university goods, donations and endowments, state appropriations, and government grants. These universities and colleges face challenges such as erosion of academic autonomy, neo-liberal fragmentation and 'technological' of curriculum. 'Pick and mix' degrees are made available to students. Traditional degrees and trivial coursework have shown a decline. Universities attract students and do anything to ease their passage through the system and prevent them from failing. An increasing proportion of students are awarded first class degree honours.

### **Advantages and Disadvantages of Commercialization of Higher Education:**

While commercialization of education has many advantages, it also has some disadvantages. Due to commercialization of education, there will be a lot of problems especially for such students, who do not come in the category of reservation, because they will have to pay more fees than normal, as well as due to commercialization of education, the course fees for giving admission in private college courses will be more than their own. They pay according to their mind, due to which only financially prosperous students get admission in the course and promising students do not get admission due to not being able to pay the course fees. In such a situation, they have to beat their mind and take admission in some other course. In addition, parents are under pressure to tolerate the whims of the college, which is the commercialization of education.

Hussey and Smith consider the advantages and disadvantages of viewing students as customers. In his opinion, "There is an advantage for students to see themselves as customers. Generally speaking, the commercialization of higher education brings with it quality challenges. And if students see themselves as customers, they have There is a legitimate demand to be less willing to tolerate substandard." products, substandard teaching facilities, under-stocked libraries and appalling accommodation". They can demand timely feedback that is of the right standard.

The commercial market for higher education in his country is expanding as governments cut spending on universities in the wake of the 2008 global economic crisis, and universities need to be self-sustaining to survive. This commercialization is primarily reflected in the fact that universities have begun to focus more on accumulating wealth rather than improving academic value. With the ever-increasing tuition

fees in colleges and universities, students are considered as consumers and universities remain essential commodities for consumers. Although there are some beneficial aspects of commercialization of higher education, such as more funding for schools to provide students with more advanced equipment and a more comfortable learning environment, overall, the threat of commercialization to educational quality and social environment is offset by those can't be done with benefits. The purpose of this paper is to explore the two main causes of commercialization of higher education and three threats to the social and educational environment brought about by the marketing of higher education. The two reasons analyzed in this paper are mainly the economic crisis and the development of globalization. The three threats are mainly aimed at the teaching quality of the educational value and the financial pressure on the students. The commercialization of higher education seriously hinders the improvement of educational value, lowers the quality of teaching, and exerts enormous pressure on the economy of students, which directly hinders the healthy development of higher education. If higher education institutions can adopt a similar strategy to mitigate the threat of commercialization, then the commercialization of higher education market can bring many opportunities for the development of higher education industry.

There are some threats of commercialization of higher education. The commercialization of higher education has increased the financial burden of the students and has put a huge economic burden. Some researchers claim that since 2012 the policy of the higher education sector has changed. There is no doubt that the cost of higher education has increased: The increase in tuition fee adds to the financial pressure of the students to a great extent. Commercialization of higher education drives the growth of intermediary institutions. As Robinson (2018) suggests that in European countries, intermediaries have been created since 1996, Europe's universities and intermediaries have collaborated to recruit international students since 1999, surprisingly; about 70 percent of international students go to university through the services of an intermediary,

Through long-term research and observation, it can be reflected that the embodiment of academic value is becoming weaker and weaker due to the commercialization of higher education. Bock (2007) objectively pointed out that the profit motive of higher education may provide some suitable conditions for academic development, but the negative effect of its profit motive completely covers the positive result, which is mainly due to the lack of academic standards. This is reflected in reduction and damage. Batnet (2008) expressed similar concerns, saying that entrepreneurship is positive, but in order to meet the accumulation of benefits, entrepreneurial universities are infiltrated with unfair regulations, which can lead to much corruption in academic research and may lose real educational value. Commercialization of higher education also threatens the quality of education. As commercial higher education attracts a large number of international students, large classroom teaching has become a necessary product, which will directly reduce the quality of education.

However, many educationists and sociologists have argued that education cannot be treated as a commodity and is something that should be outside the purview of market ideology. "The market is a temperamental animal that will follow short-term demands and fads, and go its own way regardless of long-term consequences". That's why students should not be considered as customers. This customer analogy is harmful and fair. A student cannot be called a customer. Unlike a customer who buys a finished product at the time of purchase, a student who sets out to purchase a qualification or optionally an education does not receive a 'finished product' at the time of purchase. This is because a student must

have the required ability and work hard enough to obtain the educational qualification. In fact, "a student is more like being a gardener than a customer because the gardener may wish to develop splendid leeks but will not succeed in doing so unless they apply themselves properly".

The students concerned with the discipline are rarely in a position to dispute it or take a fair decision on it. In a consumer market, customers judge the quality and quantity of goods and services being produced or delivered. But in education, it is the educationists who decide on the same. They cannot act like salespeople, trying to cater to every demand of their students. University academics should be able to take disciplinary action against plagiarism and other forms of cheating, handle student learning difficulties by providing quality faculty but lowering standards, taking difficult study materials out of the curriculum and students To pass where they had to fail, to increase their marks or to improve the grade of their final degree would be self-defeating for universities and higher education institutions as it would turn them into machines for dispensing degree certificates.

Lukes (cited in Hussey & Smith, 2010) gives deep reasons for opposing the commodification of education and argues that when a market is introduced into education it can harm citizenship in two ways. First, marketisation and public-private partnerships enable politicians to absolve themselves of responsibility and accountability for the provision of public services. The government and the supplier enter into a contract but are not in a position to hold their representatives accountable for citizen service delivery. Furthermore, when markets invade the spheres of educational provision and public broadcasting, the cognitive ability to process information and gain a rational understanding of one's world is not encouraged to say the least. It seriously affects people's ability to act as good citizens

There are many other reasons why higher education should not be commercialized and should not be treated as a commodity. Market is a place where competition exists between producers and retailers of consumer products. The main objective of the marketer is to maximize the product through the satisfaction of the customers. In a free market consumer economy, customers are considered to be rational individuals who have certain needs and satisfy those needs through the purchase of products that they find desirable. Competition exists between producers and providers to cater to the tastes and preferences of consumers and thus, they compete with each other. They do not question the taste of the consumer or challenge their choice. However, this is not the case with education. The role of academics is to question the taste of the student and challenge their choices. The academic decides what constitutes the product under negotiation. Their content and content levels are determined by the prevailing standards.

## **Discussion**

In the context of India, education should be considered a 'public good'. More public investment is needed in that area. There is a lot of evidence to show that countries where education has been heavily privatized have not progressed economically and socially. Values have eroded in that country. In contrast, countries those have treated education as a 'public good' have consistently benefited better and more the commercialization of higher education can affect the lives of many families in terms of reduction or even curb their right to a better quality of life. This can prevent individuals from developing into biological intellectuals. Furthermore, it develops itself as private higher education institutions that work on a market-oriented mechanism, thus changing the traditional concept. The aims of education,



including educational objectives, approaches to knowledge, organizational changes, changes in accountability, and restructuring of teacher-student relationships. The focus of higher education may shift to profit-making from student education, which is cost through change, adoption, and restructuring of the ideology, inputs, process, and products of education effective and revenue generation.

Due to the socio-economic policies of governments, the failure of state-funded higher education, large-scale privatization, cross-border internationalization, commodification of knowledge, establishment of education markets and commercialization of higher education have become a reality in many countries. Enter for education, pro-active role of judiciary, poor management of higher education and inefficient regulatory framework. This has serious implications for access, equity and quality in higher education.

## Conclusion

Over a period of time, education especially higher education has become a commodity in India. All sections of the society are so obsessed with education that it has devalued the real essence of education. As the world progresses, the demand for quality education in India is going to increase to keep pace with the global competition and development. The number of private institutions is going to increase which means that commercialization of education is going to increase but as we move forward people are going to get smart and will understand the real value of education.

Thus, it can be said that commodification of knowledge and commercialization of higher education should not be encouraged as these have harmful effects on the education system. These incidents adversely affect the relationship between the teacher and the learner. If a customer pays money to someone and buys a product, he has no obligation to anyone. But when a student gets education by the society then he/she definitely has a responsibility towards the society. As a result, the education provided to students in universities is not a collection of goods. Education is an attitude towards life. The relationship of a student with a university should be compared to the relationship between a citizen and the state, not between a customer and a supermarket.

To overcome commercialization of education, all universities should have the same rules of academic institutions. The norms regarding admission assessment standards and examination in the field of education should be the same for all universities. In the current situation, some university rules are strict and some are relaxed. It is found that some universities have different criteria regarding the quality of research, but it cannot be said that the evaluation done by the same criteria will be correct while rating. For this, all the rules of the university should be the same. There must be restrictions on privatization of higher education in India. Efforts to expand the reach of education in the last two decades have further entrenched privatization. Recognition of private universities in the country for the study and research of specific subjects. All these factors led to privatization in higher education. Enlarging the scope of education through privatization has become the formula of higher education. Privatization has made education unaffordable as fees have risen beyond the reach of all commoners. Marketization of education is happening everywhere. Vocational education is in the hands of privatization. Money is becoming more important than quality of students to get admission there. In such a situation, even when there is quality and interest, students have to withdraw and choose other courses. Privatization makes it impossible for students to pursue higher education despite having the skills. Restrictions should be imposed on this privatization by the state government itself, only then trained manpower will be created.

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