

Competitor analysis in Egyptian private higher education sector

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Abstract

We introduce competition in the private higher education sector in Egypt. There are 24 private universities competing for students in Egypt. Based on two criteria, quality and price, we classified private profit-oriented universities in Egypt into four categories. We concluded that the current Egyptian government is pushing for establishing more universities in (high quality-high price) category.

Keywords

Competition, private universities, Egypt

Operation of private universities in Egypt

Competition in the higher education market is increasingly changing the attitude of universities in the sector. In Egypt, the demand for Higher Education is growing and the sector is undergoing considerable change, with a range of new, private providers joining established publicly funded universities. The higher education sector in Egypt has witnessed considerable changes since launching Law no 101 in 1992 on regulating private universities, and Law no. 12 in 2009 which explained the amendments to govern private and national (non-profit) universities. Both laws have contributed towards introducing the concept of “competition for customers” to the Egyptian higher education sector.

The establishment and operation of private profit-oriented universities in Egypt is regulated by the Supreme Council of Private Universities, which is a regulatory body within the Ministry of Higher Education whose members are all presidents of private universities, in addition to some presidents of public universities. In 2014-2015, there were 2,624,705 students registered in the Higher Education system, of which 110,859 registered students in private universities forming 4.2% of the total number of registered students which is still a small part of the total system. In 2016, 24 private profit-oriented universities were operating in Egypt. The main source of income for these universities are tuition fees. These universities do not get any funding from government. As financially independent, private higher education institutions have full financial autonomy. Fees in private higher education institutions are generally much higher than those in public universities, and are determined by the council of each university. Students usually choose private universities for several reasons, mainly related to their lower academic performance at secondary education comparing to those who choose public universities.

Four categories of competitors

Based on two criteria, the price (fees cost per year for undergraduate student) and the quality (academic staff reputation measured by quality international academic publications indexed in Scopus) and based on google search for a private university in Egypt; total/partial teaching of courses in English language; total/partial accreditation by international universities outside Egypt; international research production in English language, we conducted a competitor

analysis for the Egyptian private profit-oriented universities and we identified four segments of universities as follows:

Segment 1: Egyptian private profit-oriented universities which are classified (higher quality-higher price). This segment represents the current private profit-oriented higher education institutions that have high quality of staff, research and facilities and prices. The average fees per one academic year for universities in this category is more than \$7000. We found three universities in this segment, which are the American University in Cairo, Arab Academy for Science and Technology and Maritime Transport and German University in Cairo.

Segment 2: Egyptian private profit-oriented universities which are classified (higher quality-lower price). This segment represents the current private higher education institutions in Egypt that have high quality of staff, research and facilities, with lower prices comparing with Segment 1. Two good examples of universities in this segment are the British University in Egypt, and Nile University.

Segment 3: Egyptian private universities which are classified (lower quality-lower price). This segment represents the current private higher education institutions in Egypt that have lower quality of academic staff, research and facilities, with lower prices comparing with Segment 1. The average fees per one academic year for universities in this category is less than \$4000. We found that the type of students who are entering to universities within this segment are different from students who are entering to universities in Segment 1 or 2. Students registered in this category have lower scores in secondary school and belong to lower social class comparing with students registered in universities in Segment 1 and 2. Nineteen universities can be best found in this segment. Good examples of universities from this segment are Misr University for Science and Technology; Misr International University; Future University; October 6 University; Sinai University; El Shorouk Academy; Pharos University in Alexandria; French University in Egypt; Modern Academy in Maadi; Institut Français d'Archéologie Orientale; Canadian International College; and Al-Ahram Canadian University.

Segment 4: Egyptian private universities which are classified (lower quality-higher price). This segment should represent the current private higher education institutions in Egypt that have lower quality of academic staff, research and facilities, with similar prices comparing with Segment 1. Analysing the Egyptian higher education market shows that none of the current operating private universities in Egypt are in this segment. However, this is a theoretical based-category, when the future may carry on some universities belonging to this category. This will be based on reaching the maturity level within the sector, and when the National Authority for Quality Assurance and Accreditation of Education (NAQAAE) may launch a ranking for universities in the country.

Conclusion and foreseen future

The public authorities in Egypt are recognising that the higher education sector should have a key role in the development of the country in the future. A major objective is to produce enough graduates (i.e. increasing demand which lead to increasing fees), and to improve the quality of the research and development carried out by private universities (i.e. increasing overall quality). These two objectives have been established in a ten-year vision by the Egyptian government to transform Egypt's universities into modern, autonomous, research intensive, market oriented and student centred organisations.

Apparently, the Egyptian Government is pushing towards establishing more private universities in Segments 1 and 2 through partnerships with international providers, mainly UK universities. The future of the sector may carry on some dramatic changes. Some current providers may disappear from the market of higher education in Egypt, particularly some of those in Segment 3 above. The predicted increase of providers in Segments 1 and 2 in the Egyptian higher education market, by the support of the Egyptian Government, will probably marginalise the role of universities in segment 3 which represents most private universities in Egypt. It is not predicted that universities in this segment to have the potential to move to Segments 1 or 2, as they have their own type of customers, however, acquisitions from universities in segment 1 and 2 on universities in Segment 3 is a potential scenario in the next ten years. The above scenario may require the Government to think of alternative solutions to respond to the predicted unmet needs of customers in Segment 3.