Brazilian Private Sector: An Overview

Brazilian higher education is a well-known case of a multisector system with a predominance of the private sector. The 2011 census of the higher education system shows that the private sector covers 73.7 percent of the total undergraduate enrollments in Brazil. The federal government, state governments, and local municipalities own public institutions, while local and foreign private equity funds, multinational educational groups, local communities, churches, and family groups own private institutions. The dominant institutional format in the public sector is the comprehensive university. In the private sector, there is a myriad of institutional types that range from small isolated professional schools (or faculties, as they are called in the Latin American region) to mega for-profit universities. On the one hand, the professional faculties are small tertiary education institutions that offer just a few bachelor programs, all leading to professional degrees (usually in law, business, or accounting). They employ a few instructors, all through part-time or per-hour contracts. On the other hand, the mega for-profit universities are enormous teaching-only organizations that offer...
bachelor’s programs in dozens of professional tracks, professional graduate programs (known in Brazil as specialization programs), and usually a small number of academic graduate programs, mostly at the master’s level. They employ hundreds of mostly part-time or per-hour professors. Some of those universities are family-owned businesses and some are corporations with shares in the stock market.

In the private sector, diversity in ownership and institutional format do imply there are differences in institutional profiles. However, the most relevant differences are produced by the characteristics of the educational market target. The great majority of the Brazilian private institutions are confined to what could be described as a commodity market. Their students usually come from low-income families with no access to good primary and secondary schools. Because of that, they could not do well in the competitive entrance examinations that give access to tuition-free public universities (Balbachevsky et al. 2010; Schwartzman 1992). For these institutions, the main issue is to provide education at the lowest possible price. Even the largest universities working within this market have to follow the same iron rule: they profit with scale, grow when the country’s economy expands, and retract in harsh times. This condition does not provide an environment conducive to support more sophisticated academic activities, like research and knowledge production. In spite of all these negative issues, the demand-driven institutions have experienced significant changes over the past 15 years. These changes are a response to the pressures posed by Federal regulations, which imposed a minimum qualification over the academic staff employed by all tertiary institutions in the country. Responding to these pressures, the demand driven institutions started to hire young academics coming from the ever-expanding and mostly public graduate education in the country. This new professional profile has brought new tensions creating new dynamics inside all private institutions (Sampaio 1999, 2011; Schwartzman and Balbachevsky 2013).

The past two decades have also witnessed strong processes of differentiation and stratification within the private sector, with the growth of a segment of elite institutions that targets students from affluent families. Among these institutions, there are denominational and independent private institutions. Some are universities, others are not. All of them target a highly selective market that consists of children from high-income families in search of good qualifications for the job-market. These institutions build up their prestige over the ability to offer high quality programs with a focus on the new skills that selective companies and businesses look for. They are mainly undergraduate-oriented institutions, but also provide MBAs and other graduate programs. These institutions value their academic staff’s degrees and research reputation because these are quality