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TRANSNATIONAL HIGHER EDUCATION IN ASIA AND THE PACIFIC REGION

Edited by Futao Huang



Research Institute for Higher Education
Hiroshima University

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List of Contributors

Futao Huang is an Associate professor in the Research Institute for Higher Education, Hiroshima University, Japan. He earned his PhD in China. His major research interests include: (1) a comparative study of university curricular development; (2) policy changes, organizations, structures and governance patterns relating to higher education in China and Japan; and (3) internationalization of higher education in East Asia. He has published widely in Chinese, Japanese and English. His recent publications include “Qualitative Enhancement and Quantitative Growth: Changes and Trends of China’s Higher Education” (*Higher Education Policy* 2005); “Transnational Higher Education: A Perspective from China” (*Higher Education Research & Development* 2003); “Internationalization of Higher Education in an Age of Globalization – Historic and Comparative Perspectives” (*Peking University Education Review* 2003, in Chinese); and “A Comparative Study in University Curricula between China and Japan” (*IDE. Gendai No Koutoukyouiku* 2002, in Japanese).

Man-Hee Lee is Professor in the Department of Intercultural Studies, Poole Gakuin University, Japan. He was previously a director of the Higher Education Studies Office in the Korean Education Development Institute. He was awarded his MA in the field of International Relations, and his PhD in the field of Political Economy and International Political Economy, from Yonsei University, Seoul, Korea. His research has specialized in the areas of reform of higher education, military human resources development systems, globalization of education services (GATS), and by the role of government in education administration systems with a regional focus on Korea and Japan. He has also contributed papers in regard to reforms of higher education, military human resources development, and globalization of education services in Korea.

Ka Ho Mok is Professor in East Asian Studies and Founding Director of the Centre for East Asian Studies, University of Bristol. Before he joined the University of Bristol, he was Associate Dean, Faculty of Humanities and Social Science, City University of Hong Kong. He was President of the Comparative Education Society, Hong Kong, and Chairman of the Hong Kong Educational Research Association. Professor Mok has published extensively in comparative education policy and governance. His most recent books include *Education Reform and Education Policy in East Asia* (London: Routledge 2006); *Globalization and Marketization: A Comparative Analysis of Hong Kong and Singapore* (Cheltenham: Edward Elgar 2004) [co-authored with Jason Tan]; and *Globalization and Educational Restructuring in the Asia Pacific Region* (London: Palgrave Macmillan 2003) [co-edited with Anthony Welch].

Sirat Morshidi is Professor of Geography at the School of Humanities, Universiti Sains Malaysia, and since 2002 he has been Director of the National Higher Education Research Institute (IPPTN) based at Universiti Sains Malaysia, Penang. As Director of IPPTN, Professor Morshidi is active in contract research and consultancy work for the World Bank, UNESCO-Bangkok and several public agencies in Malaysia, in particular the Ministry of Higher Education Malaysia. His research and consultancy works are very much focused on graduate unemployment problems and employability issues, the role of higher educational institutions in regional development, and transnational higher education.

He is the series editor for IPPTN's Higher Education Research Monographs and under this series he has edited the following monographs: *Ethnic Integration in Public Higher Educational Institutions*; *University Curriculum: an Evaluation on Preparing Graduates for Employment*. Morshidi is also the author/co-author for the following publications: *Admission to Public Institutions of Higher Education 2000-2004. Description of Patterns and Trends*; *Academic Performance (Value added concept) and Employability of Graduates of Higher Educational Institutions*; *Unemployment Problems among Graduates*; and *USM Sri Ampangan Campus: Hopes and Perceptions of the Local Community*.

As a geographer, he has published widely in international journals such as *Urban Studies*, *CITIES*, *Asia Pacific Viewpoint*, *Asian Geographer*, *Built Environment*, and *Asian Profile*.

Mei-Mei Song is a higher education analyst and an Assistant Professor in the College of Global Research and Development at Tamkang University in Taiwan. She received her bachelor's degree from National Chengchi University in Taiwan and her MA and EdD degrees from Teachers College, Columbia University in the U.S. Dr. Song's academic interests focus on research and policy topics in higher education. Her current research also extends to the development of private universities, institutional assessment, and university governance.

Kazuhiro Sugimoto is an Associate Professor, Education Center, Kagoshima University, Japan. He was previously a COE Research Fellow at the Research Institute for Higher Education, Hiroshima University (2003-2005). He gained his PhD in comparative education from Nagoya University in 2001. His research interests are reforms, quality assurance, governance and management, and internationalisation in Australian higher education. He published his PhD thesis, entitled *Australian Higher Education Reforms in the Postwar Era (Toshindo, in Japanese)*, in 2003.

Hsiou-Hsia Tai is Professor at the Institute of Education, and Dean of the College of Humanities and Social Sciences, National Chiao Tung University, Taiwan. Her research interest is in comparative higher education policies. She has published widely on themes such as expansion and marketization of higher education, globalization and internationalization of higher education and is the author and editor of several books. Her recent publications have focused on the quest for academic excellence and relevant policies.

Yoko Tsuruta is a DPhil candidate, University of Oxford, and a COE Researcher, Tokyo Institute of Technology. She studied intercultural communication and interpretation at International Christian University (BA), educational psychology and cultural adaptation at Yokohama National University (MEd) and then comparative and international education at the University of Oxford (MSc). Her major research interests are higher education (in particular, in Japan, the European Union and the United Kingdom), psychological and social research methodology (quantitative and qualitative) and comparative culture and education. Her recent publications include 'Globalisation and the Recent Reforms in Japanese Higher Education' in *Can the Japanese Change Their Education System? Oxford Studies in Comparative Education* (Symposium Books 2003) and 'Gurobaruka Chiikika Kokusaika nomotodeno Shogai Gakushu no Igi to Kadai – Oshu Rengo no Kyoiku Kunren Seisaku wo Chushin toshite' [The Meaning and Implications of 'Lifelong and Lifewide Learning' in the Context of Globalisation, Regionalisation and Internationalisation with Special Reference to the Education and Training Policies of the European Union] in *Social Education and Lifelong Learning under Globalisation, Studies in Adult and Community Education, No. 49* (Toyokan Shuppansha 2005).

Rui Yang is Senior Lecturer at the Monash Centre for Research in International Education, Faculty of Education, Monash University, Melbourne, Australia. He was an associate professor at a Chinese university before he commenced his doctoral studies at the University of Hong Kong in 1996. After receiving a PhD from the University of Sydney in March 2001, he was Lecturer at the University of Western Australia during 2001-02. He joined Monash University in 2003 and became Senior Lecturer in 2004. His research interests include comparative and cross-cultural analysis of educational issues; globalization, internationalization and educational reforms; social, policy studies in education, educational development in Asia Pacific countries, higher education reforms, and the changing nature of academic work. He is the author of one English and two Chinese books, and has published dozens of academic articles internationally in both English and Chinese.

Introduction

This volume is mainly concerned with transnational higher education in some selected countries in Asia and the Pacific region. Compared with other parts of the world, especially since the 1990s, there has been a rapid development of transnational higher education in this area. Issues concerning importing and exporting higher education activities or services have become one of the major debates in higher education reforms in many countries and regions at both policy and institutional levels. In a major sense, Asia and the Pacific region is the most important and active area in which transnational higher education has occurred. Moreover, policies and strategies concerning transnational higher education in many countries and areas in Asia and the Pacific region have recently gained increased attention and visibility. Though there exists a vast diversity in the selected countries and regions, this volume has been designed to address four of the shared major research questions. First, what is the context, rationale, or driving force for development of transnational higher education in each of the individual case studies? Second, what policies or regulations, if any, concerning transnational higher education exist in the selected countries? And if there are any, what are they? Third, what are the current circumstances, issues, characteristics and general trends of transnational higher education in these case studies? Finally, what outcomes or effects have been brought about by developments in transnational higher education?

In our attempt to be comprehensive and from a comparative perspective to provide a general picture of transnational higher education in this area, we have included major countries and regions in Asia and the Pacific region that illustrate a variety of transnational higher education. The volume consists of the following sections: Australia's transnational higher education in the Asia-Pacific region: its strategies and quality assurance; transnational higher education in mainland China: a focus on foreign degree-conferring programs; transnational higher education in Hong Kong: an analysis; transnational higher education in Japan; transnational higher education in Korea: the task and prospects; transnational higher education in Malaysia: balancing benefits and concerns through regulations; the quest for a regional hub of higher education: transnational higher education and changing governance in Singapore; and transnational higher education in Taiwan.

These eight case studies were selected so as to provide a variety of examples of development of transnational higher education in this region: China represents developing Asia; Japan represents developed Asia; while Australia offers an example in the Pacific region of multiple cross-border programs. In short, by making comparative studies, we may discover similarities and distinctive aspects of transnational higher education among the different countries or regions and obtain insights into how transnational higher education has been undertaken in order to meet the needs of different countries or regions as well as how it has affected individual higher education systems in recent years.

There are many views on transnational higher education. For example, according to UNESCO,

the term ‘transnational education’ is generally defined as that ‘in which the learners are located in a country different from the one where the awarding institution is based’ (UNESCO-CEPES 2000). Accordingly, if ‘transnational higher education’ is regarded as a part of postsecondary and tertiary education and training, it may take any of forms listed below (GATE 1999).

- Branch Campuses: campuses set up by an institution in another country to provide its educational or training programs to foreign students.
- Franchises: an institution (A) approves provision by an institution (B) in another country of one or more of A’s programs to students in B’s country.
- Articulation: the systematic recognition by an institution (A) of specified study at an institution (B) in another country as partial credit towards completion of a program at institution A.
- Twinning: agreements between institutions in different countries to offer joint programs.
- Corporate Programs: programs offered by large corporations for academic credit from institutions, which often involve credit transfer across national borders.
- Online Learning and Distance Education Programs: those distance education programs that are delivered through satellites, computers, correspondence, or other technological means across national boundaries.
- Study Abroad: a student from institution (A) travels to take courses at institution B in a different country and to live there for a fixed period of time.

Moreover, Jane Knight argues that ‘transnational’ and ‘borderless’ as well as ‘cross-border’ education are terms that are being used to describe real or virtual movement of students, teachers, knowledge and educational programs from one country to another. While there may be some conceptual differences between these terms, they are often used interchangeably (Knight 2002).

In this volume, the term ‘transnational higher education’ is mainly concerned with any cross-border or inter-regional higher education activities or services in a broad sense: just as the definition of transnational higher education varies widely, it can take different forms according to individual countries and regions. Since in many non English-speaking countries there is no equivalent term for transnational higher education, many of these countries adopt other usages to denote the similar meaning. For example, in China transnational education is often identified as *Zhongwai Hezuo Banxue* in Chinese, meaning ‘co-operation between China and foreign countries in operation or management of higher education institutions to offer various educational programs’. In fact, even in an English-speaking country like Australia, the term “transnational higher education” is defined in a much broader sense. As pointed out by Sugimoto in his study, it denotes ‘any education or training at higher education level provided beyond national or regional borders through mobility of people, program or institution’. Accordingly, this definition includes the so-called international education

(often referred as ‘onshore education’ in Australia) provided to international students coming to Australia; and it also covers distance learning or e-learning delivered to students living outside Australia. Furthermore, a variety of terms similar to ‘transnational’, such as ‘offshore’, ‘cross-border’ and ‘borderless’, are sometimes used interchangeably.

Although transnational higher education inevitably involves cross-border movement of programs, information, materials, and/or staff, different forms can be found in the individual case studies. For example, transnational activities in Taiwanese higher education are present in three areas: study abroad, twinning programs, and online learning. In Singapore, there are ‘external’ distance education programs and foreign university branch campuses; whereas in Japan student exchange or movement is the most developed. In contrast, in Hong Kong and China, there has been an export flow of students abroad to programs in other countries. Moreover, based on the characteristics of transnational higher education, at least three distinguishing types of transnational higher education can be identified: an Import-Oriented Type; an Import & Export Type; and an Export-Oriented Type. To illustrate, in Asia and the Pacific region, Australia is the major example of a country that provides transnational higher education in other Asian countries and regions. China and Japan provide typical examples of importing foreign higher education services though they have made great efforts in exporting their own higher education services to other countries in the most recent years. As for Singapore and Hong Kong, on the one hand, they are importing foreign higher education activities from Australia, United Kingdom and the United States, and on the other hand, they are also exporting their higher education activities to other Asian countries such as mainland China.

The case studies in this volume also reveal that various factors have impacted significantly on the policies and strategies for transnational higher education in Asia and the Pacific region. For example, in Australia they are concerned with mutual understanding, skilled migration, revenue generation, and capacity building. The main rationale for HK consumers in choosing transnational programs is to gain an international education, which is particularly valued for its reputation for quality. In mainland China and Singapore as well as in Malaysia, one of the important driving forces for introducing foreign higher education activities is to increase higher education enrolments and quicken the pace of massification of their higher education. However, it should be emphasized that enhancement of competitiveness and academic quality in the context of a globalizing economy are two common factors affecting all these countries and regions in providing or importing transnational higher education activities. The major issues concerning transnational higher education in this area, issues concerning how the quality of transnational higher education can be assured and how a national identity and character can be maintained are shared by many countries, especially by those belonging to the Import-Oriented Type.

Due to the different national policies and strategies, three distinguishing approaches towards transnational higher education can be perceived in the eight case studies: a government-regulated approach, a market-oriented approach, and a transitional approach characterized by transfer from a

state-controlled approach to a free-market approach. China, Malaysia and Korea provide striking examples of the government-regulated approach. Policies concerning transnational higher education in Australia and Hong Kong represent a typically free-market approach. Currently, Japan and Taiwan are attempting to introduce a free-market approach and to implement deregulation in this regard. As stated in the case study of Japan, while the Japanese government has changed its strict policy based on a territorial principle to one recognizing off-shore education provision of Japanese and of foreign institutions, this does not necessarily imply a diminution of the role or governance of the nation state.

A special mention should be made of the approach employed in this volume. We have been concerned not only with the differences existing in the selected case studies or in how specific government policies and national identities have impacted on transnational higher education but also with the many similarities shared by each country and region and how broad global factors impacted on transnational higher education in individual countries and regions. The editor hopes that a much clearer and more general picture of transnational higher education in Asia and the Pacific region can be provided by discussing those aspects of transnational higher education noted earlier and that the eight case studies will help readers have a fuller understanding of what is happening in Asia and the Pacific region and what challenging issues are facing the selected countries and regions.

Last but not at least, the editor would like to extend his sincere thanks to Professor Keith J. Morgan for his painstaking efforts in checking and revising almost all the manuscripts. At the same time, the editor also wants to express his deep gratitude to Ms. Masayo Daikoku for her assistance in editing the book. Without their generous help and hard work, it would have been difficult to publish this volume.

Futao Huang

Research Institute for Higher Education
Hiroshima University, Japan

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Australia's transnational higher education in the Asia-Pacific region: Its strategies and quality assurance

KAZUHIRO SUGIMOTO

Education Center, Kagoshima University, Korimoto 1-21-30, Kagoshima, 890-0065, Japan (E-mail: sugimoto@ms.kagoshima-u.ac.jp)

Abstract. The recent emergence of a global higher education market is associated with new forms of higher education, transnational education, on a global scale. This article deals with the recent developments of Australian transnational higher education in the Asia-Pacific region. It scrutinizes developments mainly from two perspectives. First, it reviews historical development of internationalization in Australian higher education and the current Australian policies and strategies adopted for the promotion of transnational education activities in the region. Second, it seeks to clarify how Australian higher education maintains and enhances the quality of those activities at both institutional and national level. The Australian case provides a good example to examine the significance of national initiatives in assuring the quality of transnational education.

Introduction

Globalization of the higher education market

Internationalization of higher education has been promoted dramatically since the 1980s, driven by the large increase in the number of students studying outside their home countries. The number of international students across the world increased from 0.94 million in 1988 to 1.61 million in 1998 (a growth rate of approximately 70% in the decade), and reached 1.9 million in 2002 (OECD 2004a). Such accelerated student mobility in recent years has resulted in emergence of a global higher education market. It is currently predicted that the number of international students will amount to 7.2 million by 2025 (Bohm et al. 2002). But at the same time, the emergence of a large global market is inevitably leading to more severe competition among OECD countries and their higher education institutions for international students.

According to OECD (2004b), the main providers of transnational education are English-speaking

countries, such as Australia, New Zealand, the UK and the US. These countries are at the same time very active promoters of free trade in educational services under the GATS arrangements. The bulk of transnational education, delivered mainly by these countries through program and institution mobility, takes place in the Asia-Pacific region. In particular, Australia's education exports, as described in this paper, have become rapidly prominent in the region through recruiting overseas students onshore and providing education services offshore. Australia is currently the third-largest exporter of higher education services, after the US and the UK. Its education exports have been growing at an average rate of 11% per year since 1994, to become its fourth largest source of export earnings (A\$5.9 billion) in 2004, behind coal, tourism and iron ore. In consequence, the scale of its education services has expanded from 10 % of total services exports in 1994 to 17% in 2004 (DFAT 2005, pp. 48-50).

On the other hand, as suppliers of students for international education, Asian countries are the largest source in the world.¹ Asian students represent a large share of international students in many OECD countries, while a higher proportion of European and American students tend to study in their own regions. For example, in 2004 the top ten providers of overseas students in the Australian higher education sector were all Asian countries except the US, with 82.1% of international students (228,555 in total) from Asia (Nelson 2005a, p. 23).

In addition, what should be stressed here is that the global higher education market has been formed and invigorated by both program mobility and institution mobility as well as by student mobility. Many more higher education institutions than ever before have become involved with delivery of educational programs and the establishment of branch campuses beyond national borders in recent years, although compared with program mobility, institution mobility remains relatively rare. Australia, again, is playing a significant role in program and institution mobility in the Asia-Pacific region.

The global higher education market, in this way, has been prompted and formed by an increase in three different forms of mobility: people mobility, program mobility and institution mobility. It is true that people mobility by students or academic staff has been broadened and accelerated by the emergence of a global market, but current developments in transnational education are largely characterized by program and institution mobility.

Definition of transnational higher education

Then, what is transnational higher education? For example, in an Australian Government's document, Australian transnational education is defined as follows:

“Australian transnational education and training, also known as offshore or cross-border education and training, refers to the delivery and/or assessment of programs/courses by an

accredited Australian provider in a country other than Australia, where delivery includes a face-to-face component. The education and/or training activity may lead to an Australian qualification or may be a non-award course, but in either case an accredited/approved/recognized Australian provider is associated with the education/training activity” (Nelson 2005b, p. 6).

By this definition, education and training provided in a traditional distance mode, that is, education and training offered without a physical presence of instructors offshore, are not regarded as transnational education and training. However, even in this paper dealing with Australian cases, such a definition may not be entirely appropriate, as current transnational ventures by Australian universities have been expanding in a variety of ways (as seen in the case of Universitas 21, see below).

Therefore, given the wide range of Australian transnational initiatives currently being practiced, transnational higher education should be defined in a much broader sense. In this paper it denotes ‘any education or training at higher education level provided beyond national borders through mobility of people, program or institution’. Accordingly, this definition includes the so-called international education (often referred as “onshore education” in Australia) provided to international students coming to Australia; and it also covers distance learning or e-learning delivered to students living outside Australia.

Furthermore, a variety of terms similar to “transnational”, such as “offshore”, “cross-border” and “borderless”, are sometimes used interchangeably. This is particularly true in the Australian context. In this paper, “transnational” and “offshore” are not differentiated, in line with usage in Australia.

In general, transnational education can adopt many different delivery modes, such as distance education (including online), twinning programs, franchising arrangements, and branch offshore campuses. Among them, the preferred delivery model continues to be twinning programs, which means that part of the course is taught in the host country and part in the provider country. But a relatively new alternative model is that of the offshore campuses. This change signals ‘a deepening commitment to international provision among certain pioneering providers’ (The Observatory of borderless higher education 2002, p. 5). Offshore campuses and twinning programs are concerned primarily with local recruitment of students, rather than international experience for domestic students. Branch campuses tend to be developed mainly in developing countries that need to address huge unmet demand for undergraduate provision. This arises largely because undergraduate provision often requires face-to-face instruction on campus as well as independent online study, in contrast to postgraduate education which can be relatively easily provided via online learning.

Internationalization of Australian higher education: An historical overview

Australia and its universities began a steady progress towards internationalization after the World War II.² Australia's internationalization policy, as in other developed countries such as the US and the UK, had focused on development assistance or foreign aid for developing countries until the mid 1980s. The best known Australian initiative after the war, the Colombo Plan for Cooperative Economic and Social Development in Asia and the Pacific, was launched in July 1951. Under the Plan, Australian universities started to enroll and train overseas students mainly from South and Southeast Asia, sponsored by the Australian Government. This initiative was largely driven by objectives such as technical aid for developing countries and regional stability.³ The Colombo Plan, based on Australia's international aid program, provided a significant momentum for the intake of overseas students into Australian universities. At that time, most overseas students coming to Australia were fully supported or partly subsidized by the Australian Government.

However, there occurred a dramatic policy change in the mid 1980s. The Australian Government introduced a visa fee, later called the Overseas Student Charge, for private overseas students in 1979. It charged overseas students with a part of their university costs, and increased to account for up to 55% of the total costs by 1988. More importantly, the Jackson Report (*Report of the Committee to Review the Australian Overseas Aid Program*), released in 1984, marked a turning point in terms of overseas student policy in Australia.⁴ It was characterized by the view that education should be regarded as an exportable commodity. It recommended that the "education industry" be further deregulated. In 1985 the Government, following the Jackson Committee's recommendations, developed a new Overseas Student Policy and decided to open its higher education market to full-fee paying overseas students with a view to generating export revenue and contributing to the nation's economic growth. This indicated a decisive policy shift from 'educational aid' to 'educational trade' or 'revenue generation' in the Australian Government's policy for international students. In practice, many private ELICOS institutions (English-language intensive courses for overseas students) were established, and started to recruit fee-paying students to their language courses. By 1989 about half of all overseas students were enrolled in ELICOS courses. On the other hand, there emerged some problems such as low entry requirements to or institutional collapses of these institutions. At the same time, some regulatory legislation, including a voluntary Code of Ethical Practice set by the Australian Vice-Chancellors' Committee, were introduced (Back et al. 1996, pp. 6-8; Kendall 2004).

It was after 1990 when the new government policy, which stopped subsidizing overseas students, forced many universities into being more entrepreneurial than ever before. In particular, universities were encouraged to sell their educational services overseas. In the late 1990s such a trend was accelerated by funding cuts under the Liberal-National government. As a result, income from overseas students constituted an essential component for many Australian universities. Australian universities started to turn their eyes to the growing demand for higher education, particularly in Asian

countries with fast-growing economies. They embarked on campaigns to export their educational services directly to Asian students in their home countries via distance learning or through establishing offshore campuses. Thus transnational or cross-border education emerged as an effective new way of delivering services, as the education export market expanded and matured.

Expanding transnational operations

Current situation in Australia

Australia is now seen as an attractive destination for overseas study, although it has not been always the first preference for students.⁵ Some of the reasons for Australia to attract students are its cleaner and safer environment, a high-quality educational system, a multicultural social setting, and for Asian students, its geographical proximity to Asia. Generally, student movement from Asia to English-speaking countries such as Australia was accelerated by the economic growth in East and Southeast Asia and the rising value of foreign degrees. Australian universities have been successful in attracting students from target countries such as Hong Kong, Singapore, Malaysia and Indonesia for the last decade. While students from such traditional markets more recently have tended to be on the decrease, Australian universities are likely to be temporarily successful in attracting students from China and India, which are becoming the largest education markets in the world. In 2004 international student enrolments in the higher education sector were 228,555 (onshore: 164,535; offshore: 64,020), making up 24.2% of all student enrolments (944,977). The proportion of international students attending Australian universities has tripled from 8 % in 1996 (Nelson 2005a, pp. 17-18, 23-24).

As the above figures indicate, the majority of international students (72%) are undertaking courses provided onshore in Australia. But at the same time, offshore enrolments have been rapidly growing since the 1990s. By 1995, 7 universities (of 38 universities) had offshore campuses in seven countries, such as Singapore, Malaysia and Hong Kong, with an enrolment of about 1,400 students, and 27 universities had established twinning programs, predominantly in Malaysia and Singapore, with enrolments of approximately 13,000 students. Furthermore in 1995, 22 universities provided distance education to 5,000 students (Back et al. 1996, p. 25). In 2003 Australian Universities offered 1,569 offshore programs, more than 70 % of them being offered in Singapore, Malaysia and China (including Hong Kong) (AVCC 2003). The proportion of offshore students in the total rose from 8% in 1994 to 28% in 2003, and will possibly reach 44% by 2025 (O'Keefe 2004; Bohm et al. 2002).

Transnational operations at institutional level

Growing numbers of Australian universities have regarded offering offshore programs or developing offshore campuses as essential for their international strategies since the late 1990s. Some noteworthy examples at institutional level are illustrated below.

Monash University

There is almost no doubt that Monash University has constantly been one of the most enthusiastic players in Australia in terms of internationalization. Monash defines itself as an International University. As early as the 1960s Monash established in Melbourne a Southeast Asian Study Centre, and started to provide an extensive program in Asian languages. Furthermore, it willingly accepted more international students under the Colombo Plan than older universities (Marginson 2000, pp. 135-136). In the wave of globalization, after 1990, Monash University developed international strategies for the further recruitment of Asian students, and at the same time had a full-scale commitment to offshore activities. Currently, it has study centers in London and Prato for academic cooperation and exchange, and starting in the 1990s it established offshore campuses in Malaysia and South Africa.

Monash Malaysia was set up in cooperation with the SungeiWay Group, a local property company, outside Kuala Lumpur in 1998. It offers degree courses at both undergraduate and postgraduate level in arts & sciences, business, engineering, and information technology. In 2005 it commenced an undergraduate course for the Bachelor of Medicine or Bachelor of Surgery degrees, with an initial enrolment of 55 students. All of the courses offered by Monash are recognized by the Malaysian Government.

Monash South Africa, recognized by the South African Government as a private non-profit higher education institution, opened in February 2001. It offers bachelors' courses in arts, business & commerce, commerce in business systems, and computing, as well as a one-year Academic Development Program. As it was fully owned by Monash, unlike the Malaysia Campus, the University eventually faced greater financial risk due to fewer student numbers and growing costs. It made a loss of \$8.6 million in 2003, and a total loss over three years of more than \$21 million (McBurnie 2002, p. 4).

Following this situation, Monash felt the necessity to review its international developments. In the *Global Development Framework*, which was based on its strategic plan (*Leading the Way: Monash 2020*), Monash set out rationales and guiding principles for its global strategies for the next two decades. At present, *Monash Directions 2025*, approved by the University Council in February 2005, replaces the existing plan and presents its goal of becoming one of the leading universities in the world through a research-intensive international focus (Monash University 2005).

RMIT University

Since the late 1980s RMIT has gradually become a significant player in Australia in aspects such as international student programs, offshore programs and internationalization of the curriculum. RMIT is well-known as a university with overseas students, which in 2004 comprised 25% of the total (15,444 students).

As offshore projects, RMIT developed twinning programs in Malaysia and Singapore in the late 1980s, and opened its offshore campus (Adorna Institute of Technology) in cooperation with a local property development company in rural Penang, Malaysia in January 1996. Although the Malaysian campus was finally closed at the end of 1999 by the Asian economic crisis, it was a 'ground-breaking initiative for Australian higher education offshore' (Back et al. 1996, pp. 53-55; McBurnie 2002, p. 4). RMIT now offers many offshore programs in partnership with local institutions in Singapore, Malaysia and China.

RMIT has successfully operated campuses in Vietnam since 2001: it obtained a 50 year license for the establishment of a foreign branch campus from the Vietnamese Ministry of Planning and Investment in 2000. RMIT International University Vietnam started its initial operation as the first fully foreign-owned private university in Ho Chi Minh City in 2001 and opened another campus in Hanoi in 2004. It opened a new campus in 2005 in Saigon South, where bachelors' degrees in commerce, applied science, design, and business, and an MBA are currently offered.

Universitas 21

On the other hand, not all Australian universities are committed to a strategy of establishing offshore campuses. For example, the University of Melbourne has chosen to rely on an international consortium, Universitas 21.

Universitas 21, which was established in 1997, is an international consortium of 18 research universities from ten countries (including the Universities of Melbourne, New South Wales and Queensland from Australia). It aims to develop entrepreneurial activities through collaboration among member universities. U21 Global, an online university (headquarters: Singapore) established by Universitas 21 in partnership with Thomson Learning, embarked on offering an MBA program in 2003, and later a Master of Science in Information Systems Management program. This is an interesting initiative in the sense that U21 Global's degrees or subjects are reviewed by U21pedagogica, an independent quality assurance body, established by Universitas 21.

Driving forces for Australian transnational education

Generally, four approaches have been used in the recent promotion of transnational or cross-border higher education: i) mutual understanding; ii) skilled migration; iii) revenue generation; iv) capacity

building. The mutual understanding approach encourages mobility of students or academic staff through scholarship and academic exchange for political, cultural, academic and developmental objectives. The skilled migration approach aims to attract talented international students, sometimes postgraduate students in certain fields, for the host country's knowledge economy. The revenue-generating approach is characterized by offering higher education services for international students on a full-fee basis. Finally, the capacity building approach is a relatively new one adopted by emerging countries to build their higher education capacities. The four approaches are not mutually exclusive. Except for mutual understanding, the approaches are to some extent based on economic rationales such as stimulating economic growth and enhancing international competition in a knowledge-based economy. While the four approaches may be used concurrently in a country, in a broad sense there has been a shift in approaches from mutual understanding to revenue generation in recent years (OECD 2004b, pp. 220-233).

As mentioned above, the initial commitment of Australian universities to internationalisation stemmed from provision of foreign aid to nearby developing countries. In this sense, it originally intended to promote mutual understanding with those countries, that contributes to peace and stability in the region. Given the current Australian and regional context, however, more attention will have to be given to at least two of the rationales, revenue generation and capacity building, as important drivers of transnational education in the Asia-Pacific region.

Revenue generation

The pursuit and generation of profit is a key aspect of transnational education offered by Australian universities. Marginson stresses that Australian universities are inclined to be more profit-oriented in comparison with their US' counterparts in which international education is regarded as a source of intellectual labor, a branch of foreign aid or an exercise in cultural exchange (Marginson 2002, p. 36). As Feast and Bretag (2005) show, transnational education is a multi-million dollar 'business', motivated as much by profits as by teaching and learning objectives. Thus, the driving force behind transnational education or internationalization in Australian higher education sector takes on an economic character. Transnational activities occurring in the Asia-Pacific region especially are driven by direct interactions between international providers and students and their families, which largely take the form of full price market exchange (OECD 2004b, p. 139).

To begin with, profit pursuit by Australian universities results from the reduction of public funding undertaken by the Australian Government since the late 1990s. For example, A. Vanstone, Minister of Education at the time, presented a Higher Education Budget Statement in 1996, and implementing a 5% reduction of higher education funding for each of the following three years. In this context, Australian universities have been forced to be much less reliant on government funding and seek their own independent revenue. Most of them regarded promoting entrepreneurialism as 'a means of survival', which, in many cases, amounted to collecting more fees from overseas students.

According to De Zilwa, relatively new universities (Unitechs, Gumtrees and New Universities) gained a higher proportion of their independent revenue from overseas students than the older universities (Sandstones and Redbricks) in 2001.⁶ Those Australian universities with lower financial resources have tended to resort to the quick solution of generating income from independent sources such as overseas student fees. For example, in Central Queensland University, Curtin University of Technology and RMIT, the proportion independent revenue from overseas student fees was 64%, 52% and 55% respectively (De Zilwa 2005).⁷

Furthermore, some universities like Monash and RMIT, as mentioned above, have been aggressively offering educational services, both as programs and campuses, locally to Asian students. On the other hand for example, IDP Education Australia (a company which was set up by the Australian universities for international marketing and promotion), is actively encouraging universities to set up offshore campuses in India within the next three years. It anticipates that from India, 800,000 students will study abroad in 20 years and at least 10% of them could select Australia as a destination. It strongly urges the Government and bureaucracy as well as individual universities to cooperate to develop a 'brand Australia' so as not to lag behind the US or the UK in the Indian market (Perry 2005). It is true that such proactive international promotion by several actors has helped Australian universities to enhance their international presence and to raise their profiles in the region. Yet, offshore operations driven solely by a profit motive could be at the risk of leading to deterioration in quality.

Capacity building

The Asia-Pacific region has been centre stage in the development of transnational higher education since the 1990s. What then are the chief driving forces for transnational education in this region? The first rationale is the increasing student demand in some developing countries for access to higher education. In particular, the number of higher education students has been expanding in China and India in accordance with their economic growth. Nevertheless, in such nations, domestic higher education provision is still inadequate in quantity and quality to cater for such growing local demand, not least because until recently they have more eagerly been committed to expanding primary and secondary education than higher education. Moreover, more and more students and their parents are aware of the advantages of foreign education and degrees, especially from English-speaking countries, in the advancement of a knowledge-based society and globalization as well as the rise of English as an international language.

Second, and closely related to the first, these countries have been promoting policies, such as sending their students abroad or accepting foreign campuses and educational programs offered by developed countries. Such national governments' policies aim to pursue a strategy of building a national capacity which can contribute to economic growth. At the same time, those strategies are also intended to be a part of enhancement of the quality of their teaching and research activities.

For example, Malaysia embarked on radical policy changes, corporatization and privatization, in higher education to strategically address a wide range of problems caused by globalization in the 1990s (Lee 1998). For a long time, private post-secondary colleges could not confer degrees, and foreign universities were not allowed to establish branch campuses in Malaysia under the 1969 Essential Higher Education Institution Regulation. However, public universities could not fulfill unmet demand for higher education in the early 1990s. In this situation, a large number of Malaysian students had to go overseas for higher education, and private colleges provided twinned degree programs with foreign partners. In 1996 the Malaysian government introduced the Private Higher Educational Institutions Act of 1996 to encourage private and foreign providers to operate in Malaysia.⁸ By 2000, there were three foreign university branch campuses, which had been established only by obtaining an invitation from the Malaysian government; in addition there were seven local private universities and more than 400 private colleges. Such a change in national policy, to urge the relaxation of regulations, was of essential importance in the development of transnational education within Malaysia. At the same time, it was also a great impetus for Malaysia to become an exporter of higher education, as a number of international students came to Malaysia to study in transnational programs delivered by the private institutions (Ziguras 2003, pp. 103-105).

Similarly, in China, national higher education policies have been more responsive to challenges deriving from globalization since the 1980s, and especially the latter half of the 1990s. The Chinese Government regarded transnational education as a means to expand Chinese higher education, enhance its academic quality and promote its internationalisation. From then on, the central government has been playing a significant role in aspects both of encouragement and of regulation of transnational higher education in China. In particular, a series of regulations including the “Contemporary Regulation on Operation of Higher Education Institutions in Cooperation with Foreign Partners” of 1995 successfully stimulated the expansion of transnational education through encouraging foreign institutions to come to operate in China. In fact, the number of transnational programs leading to foreign degrees increased rapidly after the late 1990s, and more recently the UK’s University of Nottingham opened a campus in Ningbo, China (Huang 2003, pp.194-196; 2005, pp. 68-72).

In conclusion, the recent growth in Australian transnational education has been encouraged by both push factors in Australia and pull factors in the Asia-Pacific region: while Australian universities were forced to look outward for their new revenue resources, some Asian countries had insufficient capacity to meet local demand for higher education.

Vulnerability and quality issues

At the same time as transnational education expands, Australian transnational higher education is facing some difficulties. Australia’s position as an education exporter is not necessarily stable.

One of the unstable factors is the volatility of the international marketplace. The growth rate of overseas students in Australia was only 1% in 2005 against a background of global security concerns (e.g. terrorism and SARS epidemics) and the rising Australian dollar. What is worse, in recent years, there has been a sharp increase in university fees and visa fees for overseas students. The figures of the DEST show the average course fee for a foreign student has risen from about \$16,000 a year in 2004 to \$17,000 in 2005, an increase of 6.25% (Illing 2005). But as argued above, despite these volatile circumstances, as argued above, an increasing number of universities has become reliant on income from international fee-paying students. More recently, Jenny Macklin, Labor's education spokeswoman, warned that the Australian university system is too dependent on the revenue from such students (Karvelas 2006).

Furthermore, Australia is increasingly facing fierce competition from other English-speaking countries and from elsewhere (AEI 2005). English universities are allegedly aiming to recruit 35,000 more international students over the three years starting in 2005. The New Zealand Government announced a \$40 million international education package in 2004, driven by a drop in their international student enrolments, and also altered student visa policy to increase employment opportunities for international students. In Canada, the Canadian Education Trade Alliance (CETA) was founded in 2004 to enhance Canada's competitive standing in international education. On the other hand, importers of education services such as Singapore and Malaysia are seeking to develop their own education industries to become educational hubs or exporters of higher education in the region. Malaysia has taken an active stance toward attracting students from overseas and is rethinking its marketing strategies in response to a decline in international student enrolments.⁹ In Singapore, Prime Minister Goh Chok Tong advocated his vision to turn Singapore into the "Boston of the East" in 1996, and targeted the development of its universities (e.g. National University of Singapore) into world-class institutions.¹⁰ In 2003 the Singapore Government also launched a "Global Schoolhouse" initiative to increase its intake of international students from all over the world (Tan 2004, pp. 185-187; AEI 2005). It follows that many more countries are becoming interested in developing their overseas education. In this context, Australian higher education without doubt needs to keep its international strategies refined further so as to improve its competitiveness.

Another unstable factor is related to quality. There has been enormous concern that transnational operations could have been expanded at the expense of their academic quality. For example, the following letter to *The Australian's Higher Education Supplement* from a person living in Hong Kong expresses such grave concerns:

"The commercialisation of Australian education, including offshore operations, is, sadly, now well advanced and is rapidly destroying Australia's reputation as a credible place to learn. In Singapore, Malaysia and Hong Kong, in particular, students who fail to gain entry into local tertiary institutions are welcomed with open arms by many of the commercial partners of the

Australian universities. For the commercial retailers, it is more about making money than maintaining sound academic standards and fair assessment of student grades. The market for feigned degrees is big, very big. For cheating students, these partnerships are a highly cosy situation” (Sinclair 2003).

In this regard Pimpa’s study (2005) shows that the reputation of Australian universities, along with their good facilities and teaching quality, has the most significant impact on Thai students’ choice of university. Pimpa suggests, therefore, that Australian universities should maintain rigorous entry requirements and facilitate easy access to information about universities and their academic programs.

Moreover, as well as the necessity for quality control by universities themselves, government and the Australian quality agency should also play a significant role in the enhancement of quality assurance. Currie (2005) has given warning of the threat to the academic quality of higher education, and argues that government should place limits on the degree of privatization and commercialization of universities ‘to protect certain essential values that universities possess’. In the next section, we will focus on recent national and institutional initiatives relating to quality assurance for Australian transnational higher education.

Quality assurance framework in Australia

Institutional initiatives

A key element in the rationale for maintaining transnational education or protecting the education export market is enhanced quality assurance. Recently, many universities have become increasingly aware of the importance of assuring quality in their onshore and offshore operations. Driven by concerns that quality might become impaired by increasing numbers of international students on campus, for example, most universities have internally investigated ‘soft marking’ or low academic standards for international students, and implemented their quality assurance policies and mechanisms (Harman 2006). Moreover, as part of quality assurance initiatives, there has been increasing interest in medium-to-long-term follow-up surveys of international students. They are expected to demonstrate externally the usefulness of Australian education and the recognition of Australian degrees in other countries (Macnamara 2006).

At the same time, closer attention is being paid to quality assurance of transnational education at institutional level. Basically, a number of procedural and policy issues for delivering courses have implications for quality assurance at institutional level. In short, a series of issues such as partner selection, student selection and admission standards, maintenance of library technology, marking and return of assignments, constant monitoring of outcomes, associated with offering offshore courses, should be more focused on ensuring quality (Castle and Kelly 2004, pp.54-55). All of these

procedures should be dealt with through rigorous processes, which eventually will help to demonstrate the institution's efforts geared toward parity with onshore courses. In this regard, Castle and Kelly point out as follows:

“Whatever the processes, the core principle is that the home university must be convinced that the standards achieved by students offshore are equivalent to those at its home campus, and that all students, whether onshore or offshore, must feel that they have received a well-developed course that will be recognized internationally. If these objectives can be achieved, then offshore courses can be a win-win situation but the obstacles should never be underestimated” (Castle and Kelly 2004, p. 55).

In essence, it is not always obvious that a good provider of onshore education will provide high-quality offshore programs overseas in the same way. A successful offshore operation probably requires multiple prerequisites relating to financial settings, contractual conditions, strategic developments and decision-making processes. At the same time, it is essential for each provider to set in place an effective risk management system, given the volatile international situation. For example, the SARS crisis of 2003 brought numerous challenges to both administrative and academic staff involved in offshore delivery (Feast and Bretag 2005).¹¹ In addition, Heffernan and Poole's study (2005), based on interviews and case studies, refers to the significance of developing and maintaining effective relationships between partners to reduce institutional risks in offshore operations. According to them, the key factors that are likely to positively influence the development of successful relationships are effective communication, mutual trust, and commitment. At present, more efforts need to be made to clarify critical factors for successful and stable operations of offshore education delivery.

National policies and regulations

Students as consumers

In recent years there have been mounting complaints, among international students, about being treated as 'cash cows' by universities. They are complaining that services provided by universities are not necessarily adequate, although the fees have risen by as much as 20% per year in some programs. At the same time, they are increasingly seeking greater support with regard to accommodation costs and exploitation in the workplace or rental market (Maiden 2004). Enhancing consumer protection of students is currently one of the pressing issues.

The provision of education services to international students is mainly regulated by the *Education Services for Overseas Students Act (ESOS) 2000*.¹² The ESOS legislation, including some related Regulations and Acts, aimed to achieve quality assurance, consumer protection and migration-related

arrangements in the provision of, in particular, onshore delivery of education and training to international students in Australia. This legislation requires providers of education to international students to be registered on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS). Moreover, under the Act's provisions, Tuition Assurance Schemes (TASs) or the ESOS Assurance Fund serve to protect the benefits of international students with regard to course provision and tuition fees.

In addition, the AVCC also promulgated the *Code of Ethical Practice in the Provision of Education to Overseas Students by Australian Higher Education institutions* in 1990, and revised it as the *Code of Practice in the Provision of Education to International Students* in 2001. Currently the Code, along with guidelines relating to fee refunds for international students, serves to maintain academic standards in Australian universities and safeguard the interests of international students including offshore students studying outside Australia.

Strengthening transnational quality assurance

On the other hand, there has been increasing public concern about Australia's international reputation as a provider of high-quality education and training. The Government has been recently addressing quality issues by designing the structure of a new quality assurance framework both nationally and internationally.

The Australian Universities Quality Agency (AUQA) was established as a non-profit company under the consensus of the State and Commonwealth Ministers of Education in 2000. The AUQA initiated its institutional audits of individual self-accrediting institutions (universities, some colleges and accreditation bodies in each state), including offshore provision, on a five-yearly cycle in 2001. With respect to offshore auditing, audit panels from the AUQA visit some offshore campuses or alternatively conduct telephone interviews with overseas partners. Anne Martin, who undertook the review of 2002 Institutional Audit Reports presented by the AUQA, found that quality assurance for offshore activities needs to be strengthened despite 'no overriding sense emerging from the Audit Reports of significant poor practice across the sector' (Martin 2003, p. 26).

For offshore auditing, the Australian Government decided to provide A\$590,000 per year as part of *Our Universities: Backing Australia's Future Package* (A\$2.6 billion) for the three years from 2005. Moreover, the Government announced additional funding (A\$450,000) to the AUQA to further strengthen audits of offshore operations by Australian providers.

In this context, in April 2005 the Australian Government released a discussion paper, *A National Quality Strategy for Australian Transnational Education and Training*, in order to develop a national quality assurance framework for Australian transnational education. The discussion paper suggested three possible models for quality assurance (Augmented Current Model, Advisory Board Model and National Authority Model), although it is not yet clear which of them will be adopted. In relation to this undertaking, a Transnational Quality Strategy (TQS) was agreed by Ministers of Education across

Australia on 17 November in 2005. The TQS is composed of three key areas of action: i) communication, ii) data and information, and iii) strengthened national quality framework. In specific terms, the Government is going to fund initial actions such as development of a web portal, conduct of a pilot data collection, trialing of more cost-effective offshore auditing, and establishment of a list of quality transnational providers. The next meeting to consider its progress will be held in 2006 in order to refine and implement the TQS.¹³

Conclusion

Australian transnational higher education has been prominent enough to become a significant player in the Asia-Pacific region for the last two decades. Especially since the 1990s, transnational education, both onshore and offshore, has increasingly constituted a significant component of Australian higher education. The expansion of transnational education has been driven not only by a revenue-generating approach in Australian universities but also by a capacity building approach in receiving countries.

In this context, quality assurance for transnational education is one of the urgent priorities to be addressed in order to secure Australia's reputation in the international setting. There is an imperative need to ensure quality assurance at both the institution level and the national level. Whereas individual institutions are currently setting quality assurance mechanisms in place, a nationally consistent framework of quality assurance or consumer protection is being established and refined in Australia.

In an era of globalization, national boundaries seem to have been disappearing due to the unprecedented growth in mobility of people, goods and information. Yet national controls have not lost their consequence. In this context, national regulatory responsibility in quality assurance and funding in transnational education will be strongly rooted in each country. In fact, there has been growing concern about national quality assurance initiatives for offshore ventures in Australia for the last couple of years. Particular attention is currently focused on how Australia will effectively design and operate a national quality assurance framework for transnational education.

Notes

1. International programs have facilitated student mobility in the world. The ERASMUS program of the European Union is well known as such. Within the Asia-Pacific region, the UMAP (University Mobility in Asia and the Pacific) program was created in 1993, inspired by the ERASMUS program, and helped to promote student mobility on a regional basis.
2. Prior to the war, in many cases, Australian scholars chose the UK or North America as their

destinations for higher degree study or study leave. Australian universities needed to keep international scholarly contact with centers of learning to maintain academic standards in the antipodes (Back et al. 1996, pp. 5-6).

3. According to Auletta (2000), the Colombo Plan was also intended to restrain the spread of communism or moderate criticisms against racist policies such as the White Australia Policy in the Asia-Pacific region.
4. In the same year, the Goldring Committee also issued its Report (*Mutual Advantage: Report of the Committee of Review of Private Overseas Student Policy*), in which it recommended that overseas students continue to be supported by the government. But this recommendation was not accepted by the government.
5. Australia's popularity has been growing recently. JWT Education conducted interviews of 332 Asian undergraduate students from 10 countries in 2005. This study shows that Australia is preferred as the first study destination to the US or the UK, which recently experienced terror attacks, although Australian education is regarded as inferior to those of both these countries (Lane 2005).
6. De Zilwa's study is based on Marginson's taxonomy of Australian universities. According to Marginson and Considine (2000, pp.89-202), Australian universities are grouped into five segments; Sandstones (the oldest universities located in each state), Redbricks (the strongest of the post-second war universities), Gumtrees (universities founded between 1965 and 1975), Unitechs (universities deriving from large Colleges of Advanced Education), New Universities (new universities founded after 1986).
7. Nowadays one of the ways for Australian universities to improve their financial conditions is to attract more students, both domestic and overseas, on a fee-paying basis. Universities are allowed to raise their fees by a maximum of 25%, and many universities have indeed decided on a 25% increase of their fees in spite of protests from student unions.
8. In the same year, Malaysia signed a memorandum of understanding with the Australian government, opening the door for branch campuses of Australian universities.
9. Lee argues that Malaysia will have to review its educational policies, including its language policy, to become an education hub in the region. In Malaysian universities, in principle, the national language had to be used as the medium of instruction, although English is currently being used in many programs in public universities with the advance of globalization (Lee 2004, p. 243).
10. In 1998, the Economic Development Board announced its aim to set up branch campuses in partnership with 10 prestigious foreign universities by 2008 so as to develop Singapore into an international education center (Tan 2004, p. 185).
11. Feast and Bretag point out that administrators and academic staff responded to the SARS epidemic differently. Administrators focused on maintaining services, while academic staff were concerned about how to safeguard academic standards. This has an important implication for the

difficult task of reaching a consensus on quality assurance arrangements.

12. In 2004 an assessment of the ESOS Act (and its National Code) was conducted 'to determine whether it protects Australia's reputation in the international education market and provides consumer protection'. A report was presented by consultants Philips KPA in January 2005. In this evaluation, the possible extension of the ESOS legislation to offshore delivery was considered, but this option was deemed premature, especially because the Australian Government had initiated the development of a national strategy for transnational education (PhillipsKPA et al. 2005, p.xi).
13. In parallel with this initiative, the Offshore Quality Assurance Project, funded by the DEST (15 selected projects to a total of \$1.35million), was conducted under the administration of the AVCC. For example, the project conducted by Swinburne University of Technology, *Enhancing Australian Universities Offshore Quality Assurance Processes*, dealt with a quality assurance framework for 2+2 articulated programs delivered by Australian universities in China. Its proposed quality assurance framework is based on a whole-of-institution approach and is composed of four sets of guidelines; strategic, client perspective, academic and administration (see SUT 2005).

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Transnational higher education in mainland China: A focus on foreign degree-conferring programs

FUTAO HUANG

Research Institute for Higher Education, Hiroshima University, Kagamiyama 1-2-2, Higashi-Hiroshima, 739-8512, Japan (E-mail: futao@hiroshima-u.ac.jp)

Abstract. This article begins by identifying the meaning of transnational higher education in China, and then it examines context, drivers, and policies for transnational higher education in China. From a description of the current situation of transnational higher education on Chinese campuses, the article focuses on changes and characteristics in the joint foreign (including Hong Kong) degree-conferring programs since the 1990s. The article concludes by discussing issues and challenges facing China's higher education in providing these foreign degree-conferring programs.

Introduction

One of the dramatic changes in mainland China's recent higher education has been to import foreign higher education services to Chinese campuses. Since the latter half of the 1990s, mainland China has undergone a rapid development of transnational or cross-border higher education. Currently transnational higher education has become an integral part of the Chinese higher education system. There are vast numbers of definitions of the term "transnational higher education". Further, this term is often used interchangeably with terms such as "cross-border" higher education, "borderless" higher education, or "multinational" higher education. For example, according to UNESCO, the term "transnational education" is generally defined as education "in which the learners are located in a country different from the one where the awarding institution is based" (UNESCO/Council of Europe 2000). Similarly, Jane Knight has argued that, transnational and borderless as well as cross-border education are terms that are being used to describe real or virtual movement of students, teachers, knowledge and educational programs from one country to another (Knight 2002). In this article, the author considers transnational higher education activities as higher education services provided by institutions of one country or area in another country or area mainly for local students. Based on this definition, this article is particularly concerned with joint degree programs leading either to foreign (including Hong Kong) degrees or to both Chinese and foreign or Hong Kong degrees that are

provided by Chinese higher education institutions in partnerships with foreign or Hong Kong higher education institutions for local students in mainland China.

This article examines first the context, drivers, and policies for transnational higher education in China, and then gives a description of the current situation and characteristics of transnational higher education on Chinese campuses with a focus on joint foreign (including Hong Kong) degree-conferring programs. The article concludes by discussing issues and challenges facing China's higher education in providing these foreign degree-conferring programs.

Context and drives

As of 2004, there were 1,683 regular institutions, 528 adult institutions and 214 private institutions in China. Except for private institutions, the current regular institutions and adult institutions are vertically administered and financed by one of three types of administrative authorities: (1) the Ministry of Education (the MOE); (2) central level ministries and agencies; and (3) provinces and province-level municipalities. In China, joint programs awarding degrees of foreign and Hong Kong universities are offered only among these public regular institutions.

From the establishment of the People's Republic of China in 1949 to the late 1970s, except for a few years in the early 1950s, only public higher education institutions existed in China. Neither private institutions nor foreign institutions had been permitted, especially the church universities that had been established by foreign religious organizations or sects in China since the early 1920s. With implementation of the open-door policy and economic reforms, transnational education (*Zhongwai Hezuo Banxue* in Chinese, meaning co-operation between China and foreign countries in operating or management of higher education institutions in order to offer various educational programs) came into being in China. Over the past decade there had been a substantial expansion in the number of transnational higher education programs, including joint programs leading to degrees of foreign or Hong Kong Universities.

Various driving forces have led to the emergence and quick growth of transnational higher education programs in China. In a major sense, the rapid rise in the number of transnational higher education programs in recent years has been closely correlated with development of the domestic socio-economic background in parallel with worldwide trends (Huang 2003a). First of all, with the transition of the planned economic system into a market economy system since 1993, individual institutions have been given more powers in deciding their mission, internal patterns of governance, generation of resources from diversified sources, design of the curriculum and in undertaking academic cooperation with foreign partners. In 2002, China's participation in the WTO provided a stronger and more direct impetus to the development of transnational higher education programs, and especially to degree programs jointly provided by local and foreign universities in Chinese campuses. The policies and strategies for exporting higher education activities as trade in many developed

countries, and especially in those developed English-speaking countries have also become very important factors in affecting the rapid increase in the number of joint degree programs in China. In many countries, such as Australia, U.K. and U.S.A., the profit made from exported higher education programs of diverse forms has become a significant source of revenue. In contrast, China hopefully seeks a practical and also an efficient way to improve academic quality and standards, as well as facilitating internationalization of Chinese higher education by introducing foreign educational services. That is, by undertaking joint programs with prestigious foreign partners, China can not only import excellent foreign programs, that are urgently needed but which Chinese institutions are unable to provide, such as in the areas of finance, information science, and the MBA, but can also learn more about new missions for operating institutions, curriculum development, faculty development, updated teaching ideas, and delivery of educational programs in this era of globalization. As many transnational programs provided in foreign institutions in cooperation with Chinese universities, including joint degree programs, are expected to provide almost the same study environment for Chinese students as do their home campuses, many Chinese students have found it attractive to study on these programs with cheaper tuition and other fees than for study abroad. Furthermore, as China had not reached the stage of mass higher education, according to Martin Trow's definition, till 2003, the government expected that providing transnational programs could become a new way to expand the Chinese higher education and satisfy increasing demand for higher education based on existing public institutions in which the vast majority of joint programs are delivered. At an institutional level, one of the most important reasons why individual institutions are actively involved is that many of them found that they could not only improve their academic standards and social prestige, but also profit greatly from those joint programs by charging much more expensive tuition fees than normal programs.

Policy and regulation

Since the 1990s, among the varied legislation and documentation concerning transnational education, two important documents have significantly affected the growth of transnational education in China. These are the *Interim Provisions for Chinese-Foreign Cooperation in Running Schools* and the *Regulations of the People's Republic of China on Chinese-Foreign Cooperation in Running Schools*. The first was issued by the State Education Commission (SEC, renamed as the Ministry of Education, MOE, in 1998) in January 1995 (SEC 1995). The second was promulgated by the State Council in March 2003, and became effective on September 1, 2003 (State Council 2003).

According to the first document, transnational education is used, in Chinese, as *Zhongwai Hezuo Banxue*, meaning that transnational education cannot be provided absolutely and solely by foreign institutions themselves but requires some form of cooperation with, or involvement, of Chinese institutions located in China. For example, the document of 1995 states:

“Chinese-foreign cooperation in running the schools mentioned in these provisions refers to educational undertakings enrolling Chinese citizens as the main objectives and run by educational institutions (hereinafter referred to as cooperative educational institutions) established in cooperation with foreign bodies corporate, individuals and relevant international organizations and Chinese educational institutions and other social organizations with the status of a legal person” (SEC 1995, Chapter 1: Article 2).

Moreover, it is especially stressed in the document that:

“...the operations and administration in these institutions requires that the number of local Chinese members of the Board or any governing bodies cannot be less than half of the total; and that the post of president, or major leaders in such institutions can only be held by Chinese citizens living in China, approved by the related administrative body in the government” (SEC 1995, Chapter 3: Article 20, 22).

As for its forms and levels, there are some limitations on such programs. For example, it is strictly regulated that “Chinese and foreign parties may run educational institutions of various forms at varying levels, excluding China’s compulsory education and those forms of education and training under special provisions by the state” (SEC 1995, Chapter 1: Article 4).

More importantly, it is also emphasized in the document that profit cannot be pursued in such transnational programs. As mentioned in the document, “Chinese-foreign cooperation in education shall abide by Chinese law and decrees, implement China’s guideline for education, conform to China’s need for educational development and requirement for the training of talents and ensure teaching quality, and shall not seek profits as the objective and/or damage the state and public interests” (SEC 1995, Chapter 1: Article 5). Apparently, as a policy, in contrast to countries, such as Australia, U.K. and U.S.A., which are mainly concerned with making profit by exporting higher education services, on China’s side, the economic factor is not the major or sole incentive for offering such programs, even though in practice many Chinese institutions profit greatly from these activities.

In the second document of 2003, strong leadership by the Chinese side is once again stressed. It affirms that “Chinese members of the board of trustees, the board of directors or of the joint managerial committee shall not be less than half of the total number” (State Council 2003, Chapter 3: Article 21) and “the president or the principal administrator of a Chinese-foreign cooperatively-run school shall be a person with the nationality of the People’s Republic of China and shall be subject to approval of the examination and approval authorities” (State Council 2003, Chapter 3: Article 25). Similarly to the document of 1995, it is repeatedly emphasized that neither provision of a compulsory education service or of special education services such as those for military, police and political education services is approved (State Council 2003, Chapter 1: Article 6), nor are any religious

education or activities permitted (State Council 2003, Chapter 1: Article 7). But some changes can be found in the second document of 2003. Strikingly, it is expected that not only vocational education, but also transnational programs in the field of higher education should be encouraged. It is stressed that the State encourages Chinese institutions of higher learning to cooperate with renowned foreign institutions of higher learning in running schools (State Council 2003, Chapter 1: Article 3) in order to improve the quality of teaching and learning and to introduce excellent foreign educational resources. Furthermore, though it mentions that Chinese-foreign cooperation in running schools is an undertaking beneficial to public interests (State Council 2003, Chapter 1: Article 3), differing from the first document, no article clearly indicates that profit-making activities are forbidden.

The significance of the two documents in regulating operation of joint degree programs in Chinese campuses cannot be overstated. With other government documents, such as the “*Notice of Strengthening Degree – Granting Management in Activities concerning Operation of Institutions in Cooperation with Foreign Partners*” promulgated by the State Council in 1997, all activities involved with transnational higher education have been placed under direct supervision or control by either the central government or local authorities since the latter part of the 1990s. From an analysis of major items in the two documents, it is safe to say that there has been a fundamental change in government policies concerning transnational education in Chinese universities: a transfer from the informal, incidental and laissez-fair phase prior to 1995 to the more structured, systematic and well regulated phase after 1995.

Obviously, to strengthen regulatory powers or direct leadership by both central government and local authorities in China does not necessarily mean that importation of joint programs, including those foreign degree-conferring programs, is necessarily forbidden or rigidly restricted in its expansion in China at a policy level. Rather, it implies that provision of foreign higher education services and joint degree programs is strongly encouraged, and identified as an important complementary component of Chinese higher education.

There are several reasons for the Chinese government to adopt the policies mentioned above. First, by carrying out such policies, the central government can stimulate a rapid expansion of foreign higher education services and diversify China’s higher education structure at a national level. Second, the interests of both providers of transnational educational programs and students can be guaranteed according to clearly defined regulation. Third, more importantly, by imposing some conditions and working out basic requirements or principles, the Chinese government ensures that sovereignty remains on the Chinese side, and that the educational market in China can be supervised and adjusted by the government. Thus, the government can maintain a strong regulative authority in exercising quality assurance of transnational programs, especially programs leading to degrees of foreign universities and universities in Hong Kong.

Current situation and characteristics

As early as 1978, China had already made attempts to undertake joint programs in cooperation with foreign partners in various forms. In the mid-1980s, Renmin University of China and Fudan University established training classes in economics and law in cooperation with American institutions. Another example was provided by the Johns Hopkins-Nanjing University Center for Chinese and American Studies, which was set up in September 1986 and financed by both Chinese and American governments. However, it has to be noted that these training classes or joint programs in this early phase were not designated for undergraduate or graduate students. They were basically catering to university faculty members, with the objective of training university faculty members and were regarded as an integral part of faculty development. The vast majority of these joint programs were concerned with language learning or professional studies that were unable to be provided by Chinese institutions alone: none of these institutions or joint programs was approved to confer foreign degrees or even Chinese degrees. In 1988, the MBA class in Tianjin College of Finance and Economics (now the International Center of MBA Education of Tianjin University of Finance and Economics) became one of the first joint programs in China. This university received approval to run an MBA program in partnership with Oklahoma City University, U.S.A. and with the right to award a foreign degree. With the approval of the Committee on Academic Degrees under the State Council and Education Department and based on agreement with the American partner, students who passed the examinations can be awarded an MBA degree of Oklahoma City University, U.S.A. (Jiao 1998). All these activities were basically conducted at an institutional level without involvement of any national specific regulation or documentation.

Remarkable progress in providing foreign degree programs on Chinese campuses has been made since 1995 after the issue of the *Interim Provisions for Chinese-Foreign Cooperation in Running Schools*. For example, in 1995 there were only two joint programs that could award a foreign degree; by June 2004 the number of joint programs provided in Chinese higher education institutions in collaboration with foreign partners had reached 745, and joint programs qualified to award degrees of foreign or Hong Kong universities amounted to 169 (MOE 2004). Of these joint degree programs, the vast majority of them are provided in China's most prestigious or leading universities: these are mostly located in big cities, especially in Beijing and Shanghai.

In addition to the major pattern of conducting partnerships with foreign partners at an institutional level, two other types of administrative arrangements, operations, and revenue generation have emerged in Shanghai since the latter part of the 1990s (Xie 2001). The first type refers to programs that are dominated by the government with participation by private companies or enterprises. In this type, the government becomes the founder and a major investor for these joint programs but at the same time they are also partly financed by companies. The government is responsible for providing land or campuses and facilities, whereas the companies provide financial assistance for some fields of

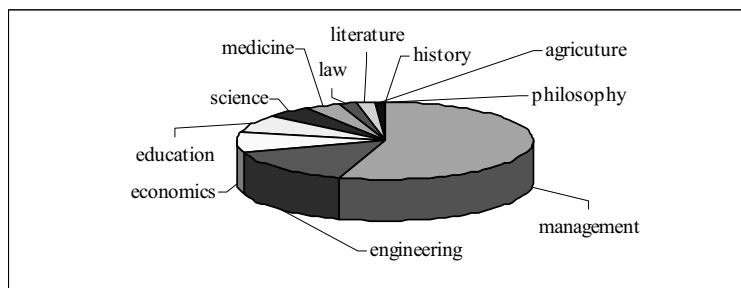
study, teaching and research activities or set up a foundation or provide scholarship for students: normally they also cover operating costs. The second type includes programs that are provided by government in co-operation with enterprises especially in generating resources for transnational programs.

With regard to foreign partners, initially, half of the joint programs were conducted in cooperation with the U.S.A., and by 1998 the joint programs provided in partnership the U.S. institutions constituted a major share. However, from 1997, joint programs in cooperation with Australia have increased rapidly reaching approximately 30%: by June 2004 these constituted the largest share of all, followed by American institutions. As for educational level, except for just two joint programs awarding PhDs from American universities in engineering and in ophthalmic optical science, nearly 70% of these joint degree programs lead to master's degrees. This shows that a special focus is being placed on graduate education in Chinese transnational education. Since 1995, joint programs in international management have constituted the largest proportion of all. As is shown in Table 1, in addition to the joint programs in management, the proportion of professional or practical educational programs, such as engineering, economics and education, comprise a big share of the total programs. On the one hand, this indicates that government policies, which encourage more practical and urgently-needed joint programs in China, have in practice been largely implemented, and on the other hand, it reflects the great demand in China for trained manpower equipped with advanced knowledge of international management, engineering and economics.

Table 1. Joint degree programs by field of study

Fields of study	Percentage
Management	55
Engineering	15
Economics	9
Education	7
Science	5
Medicine	4
Law	2
Literature	2
Agriculture	1
History	0
Philosophy	0

Figure 1. Percentage of degree programs by field of study



Source: Data available at <http://www.jsj.edu.cn> with author's modifications (accessed on 16 September 2005).

At undergraduate level, currently, there are four major types of joint degree programs being provided in Chinese campuses.

- **1+3 Type:** similar to preparatory study for formal study in foreign universities. Chinese students study for one year in local campuses, mainly in the areas of language learning and basic subjects. After one year's study and after being admitted, these students can go to foreign campuses for advanced studies. All academic credits can be transferred to the foreign partners' institutions and students can be awarded bachelor's degrees of the foreign partners' institutions after completing three years' study. Students can also continue to complete master's degree programs at the foreign campuses.
- **2+2 Type:** Chinese students divide their educational programs between their Chinese institutions and foreign campuses spending two years at each of them. In this type Chinese students are asked to learn the majority of their educational programs during their first two years in Chinese institutions, including some of the professional programs provided by the foreign partners' institutions. Then they move to the foreign campuses to complete the second part of their studies.
- **3+1 Type:** Chinese students complete the majority of educational programs offered at the foreign partners' institutions on Chinese campuses. Then they continue their studies on foreign campuses in the final year and are awarded degrees of the foreign institutions on completion.
- **4+0 Type:** this indicates overseas study without going abroad. Chinese students spend their four years in local campuses without visiting the foreign universities, but the educational programs are jointly provided by both Chinese institutions and foreign institutions in China.

Normally, the duration of joint programs for master's degrees ranges from two to three years. During the first year, one and half years or even a much longer period, basic courses such as fundamental theory or introduction to designated major subjects are provided in China. Usually, lecturers are sent from the foreign partner to conduct teaching in cooperation with local Chinese professors. Before students complete their study, they are usually expected to move to the partner institution for a short period, often lasting about three to six months. In most cases, the periods of study abroad will include internships, field investigations or site visits. Upon finishing all the required programs and satisfying the academic standards approved by the government for these joint programs, students can be awarded foreign degrees. Compared with other studies at a postgraduate level, graduate students are expected to spend most of their time in local institutions in China and only a very limited time is scheduled for them to go the foreign partners' institutions (Huang 2003b).

The joint degree programs offered in partnership with foreign institutions differ from normal

degree programs solely provided by Chinese institutions in many aspects. For example, regarding student recruitment, almost all the joint degree programs require that students should have experience of working for some years and have a high efficiency in the use of English language. In terms of curriculum development, great emphasis is placed on providing the latest programs from Western countries or on programs leading to internationally recognized degrees. Often original foreign textbooks or materials are adopted. Great attempts are also made to combine the introduction of international or Western theories with the Chinese situation, especially giving serious consideration to students' needs and future career. Foreign academic members from the partners' institutions are mainly responsible for teaching professional education and often the professional programs are delivered in English or in both Chinese and English. Due to many students continuing their employment while studying, programs are normally provided intensively by using weekends or holidays. The China Europe International Business School's (CEIBS) Executive MBA program in Shanghai that was introduced in 1995 in cooperation with the EC provides a good example (China Europe International Business School 2005). One of the striking characteristics of its curriculum development is that the CEIBS curriculum follows the highest international standard – the European Quality Improvement System (EQUIS) and the Association to Advance Collegiate Schools of Business (AACSB), with adaptations to the Chinese context. To illustrate, the CEIBS EMBA program is a two-year program offered on a part-time basis. Students meet once a month, from Friday to the following Monday. The program curriculum offers 15 compulsory courses, 4 elective courses to be chosen from a wide pool of over 20 courses in different areas, and one group project. Core courses are taken mostly in the first year, with the second year devoted mainly to advanced elective courses and a group research project. More details are listed as follows:

- Required courses totaling 45 credits (3 credit each course);
- Elective courses totaling 12 credits;
- Entry Residency, valued at 2 credits;
- Exit Residency, valued at 1 credits, conducted in conjunction with a 3-credit required course;
- Group Research Project, valued at 3 credits.

The graduation requirement of 63 credits can normally be fulfilled in 22 months. The total in-class hours required for the degree is 664: for comparison, the average contact hours of 77 Executive MBA programs in the United States is 546 hours (including all required and elective class hours). Starting from 2005, English class participants have the option to attend the Global Track, which is conducted in cooperation with a world class business school. Students enrolled in the Global Track will take the International Business course at the partner school, together with EMBA students at the partner school.

Another distinguishing character is that it can provide diversified selective courses for students. For example, during the second year of study, participants have the option to specialize in the programs for Finance or for Advanced Marketing. Alternatively students can proceed with the general track. A consistently growing pool of electives in a diverse range of subjects is intended to solidify students' knowledge base as well as give insights into contemporary management ideas. The School may offer concentrations in the form of a series of elective courses in a specific disciplinary area of study, totaling no less than 9 credits.

A special mention should be made that currently, the establishment of branch campuses by foreign universities or corporations is still not permitted. At present the sole example in China is the University of Nottingham, Ningbo China. This was established by the University of Nottingham (U.K.) in partnership with Zhejiang Wanli University. A majority of programs are imported and taught by faculty members from the University of Nottingham (U.K.). This case shows that the Chinese government is prepared to allow a partnership with a foreign institution to create a higher education establishment with the status of a corporation in China. In fact, it is though strongly emphasized that the University of Nottingham, Ningbo China, which is considered as one of China's most admired new model universities, is not a branch campus of the University of Nottingham, but a completely independent university owned by Zhejiang Wanli University. Together with the educational programs from the University of Nottingham, the China-based degree programs are taught entirely in English. Students will receive the same diplomas as those conferred by the University of Nottingham (U.K.) upon graduation (Huang 2005).

Issues and trends

Though there has been a steady and rapid increase in the number of joint degree programs and more diversified types of these programs have emerged in recent years, several major issues have occurred during their development.

First, it is true that these transnational programs are considered as an integral part of China's higher education and their importance has been repeatedly stressed in many government policies. Although no available document clearly defines the legal status of joint degree programs in cooperation with foreign partners on Chinese campuses, neither can we know whether they belong either to the public sector or to the private sector by only examining current government policy. Due to the fact that these joint degree programs are all provided in the Chinese public sector, or to be more precise, in prestigious Chinese national universities, they are operated in many respects in totally different ways from normal programs even in the same institution, and for the central government it remains a big issue how they should be positioned as a new legal form of higher education activity.

Closely connected with the ambiguity of the legal arrangement of the joint degree programs, it is still unclear whether these joint degree programs are permitted at a policy level to make any profit.

To illustrate this, the Chinese government stated that these partnerships should not seek profits as their primary objective in the *Interim Provisions* of 1995. Besides, in the *Regulations* of 2003, it also stressed that “Chinese-foreign cooperation in running schools is an undertaking beneficial to public interests” (State Council 2003, Chapter 1: Article 3). There is however no article clearly indicating that profit-making activities are forbidden, but nor is there any evidence to show that any commercial activities are encouraged. By contrast, in effect the vast majority of these joint degree programs are apparently profit-based and driven by commercial purposes. As noted earlier, by charging much more expensive tuition and other fees in the joint programs than in the normal programs provided in Chinese universities, both foreign partners and local institutions have increased their incomes.

Third, they exist not only in China, but also in other countries. With an increased number of transnational programs, especially degree-conferring programs, these programs have played a role of growing importance in the national higher education system. As a result, it has become an urgent and extremely difficult issue for individual countries how to solve at least two problems: the first is how to import foreign educational resources and services and yet maintain national character and identity; and the second is how to exercise a reliable quality assurance check on incoming foreign education activities. China provides no exception. Currently, both the central government and the local authorities take full legal responsibility for approving or chartering the establishment of the joint degree programs according to various government regulations. For example, in the *Regulations* of 2003, procedures are stipulated for establishment of new and renewal of joint degree-conferring programs and institutions that are able to provide these programs. Usually after having been approved, responsibility for ensuring educational quality of these programs falls to individual institutions. In most cases, faculty members at departmental or program level are expected to be responsible for the quality of teaching and learning, though there are occasional checks by inspectors sent by the MOE or other administrative authorities. Thus, quality assurance for these programs is basically operated in the form of approval in advance by government according to the minimum requirements, and is significantly dependent on the initiatives of individual faculty members at program level in individual institutions. Seemingly few special considerations are being given to quality assurance on incoming foreign education activities at an international level or in the light of internationally standardized criteria.

Finally, in contrast with the fact that the vast majority of the joint degree programs are provided in Chinese leading institutions, there has not been many major or leading foreign universities coming to Chinese campuses and to offer their degree programs. It is true that the current joint degree programs include many good educational programs imported from universities in the U.S.A. and Australia, however, it is expected that Chinese institutions should make further efforts to undertake partnerships with more renowned universities abroad if a much higher quality of teaching and learning is to be achieved.

Conclusion

Fundamentally differing from many other countries in Asia, the importation of foreign higher education programs in China is characterized by Sino-foreign partnerships in educational programs. They are permitted to award foreign degrees in Chinese campuses and they are officially regarded as an important part of the national higher education system. These joint programs, especially those programs awarding foreign degrees, are normally provided in the public sector and are mainly offered in leading institutions. In practice, the majority cater to a limited number of elite students instead of being a step to massification of higher education. Though being strictly regulated by government, the rapid and steady expansion of these programs is directly related to the supportive policy by central government and they are incorporated into internationalization of China's higher education. But issues such as how to position these transnational programs legally and, more importantly, to what extent government should regulate and control their growth have yet to be taken into serious consideration.

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Transnational higher education in Hong Kong: An analysis

RUI YANG

Monash Centre for Research in International Education, Faculty of Education, Monash University, Victoria 3800, Australia (E-mail: rui.yang@education.monash.edu.au)

Abstract. During the past decade, transnational provision of higher education has increased dramatically. Southeast Asia serves as a laboratory in this development with British, Australian and American universities at the forefront to compete the overseas educational dollars. Hong Kong has been one of the foci, where there is fierce competition between universities, both local and international. Unlike many national governments that play a strong role in shaping the development of such programs, Hong Kong's free-market approach is liberal and consumer-oriented. This article aims to capture some of Hong Kong's experience of transnational higher education set within its cultural complexities and social contexts. It is in three parts. The first part illustrates the higher education system in Hong Kong in a context of transnational higher education programs. The second part briefly describes the current situation of transnational higher education development in Hong Kong, drawing an overall picture. In the final part, consideration is given to the dilemmas currently experienced by transnational higher education in Hong Kong. Towards the end, the author expresses his strong concerns with the "global template" – a generic product that has no trace of local character of knowledge – in the current transnational higher education courses.

Introduction

Globalization has set the conditions for the international education market to expand. During the past decade, the provision of education offshore has increased dramatically, particularly in Europe and Southeast Asia, where British, Australian and American institutions have been at the forefront of educational innovation, delivering programs through local partner organizations, such as private colleges, universities, and professional associations (Ziguras 2005). The growth is especially strong at the higher degree level (International Development Program of Australian Universities and Colleges Ltd [IDP] 2002).

For example, British offshore programs enrolled around 140,000 students in 1996-97, nearly as many international students as were studying in the UK at tertiary level the same year (OECD 2002). Australia, the second largest provider, had around 35,000 offshore students in 2001 (Ziguras 2005).

Moreover, such a trend is set to continue. The proportion of international students in Australian universities who were enrolled in distance and offshore programs has been growing rapidly, from 18% in 1997 to 35% in 2001 (OECD 2002). By 2010, international student revenue is expected to rise to AUS\$10 billion. By 2025, global demand for international higher education is expected to exceed 7 million students, which is a four-fold increase over demand in 2000 (Böhm et al. 2002).

The rapid expansion of transnational educational programs has initiated a working group on this topic under the Council of Europe/UNESCO in Europe. Southeast Asia also serves as a laboratory in the development of transnational education. According to Huang (2003), 657 Chinese institutions had built up joint programs of various forms with institutions from overseas by April 2002. In Malaysia, Lee (1999) finds 497 transnational programs in a sample of 122 private institutions in 1997. In Singapore, many private institutions offer degree programs run in conjunction with foreign universities. In the 1990s, there were about 120 non-local institutions operating about 74 collaborative programs and close to 300 independent institutions in Hong Kong. Many educational institutions based in North America, Europe and Australia have come to market their wares in Asia.

The term “offshore education” is usually from the perspective of educational providers, and describes the situation where international students are located in a different country to that of the institution providing education services (Davis et al. 2000). It is often named as “transnational education” from the perspective of educational recipients, referring to the education in which the learners are located in a country different from the one where the awarding institution is based (UNESCO and Council of Europe 2000).

Increasingly higher education institutions, especially those in English speaking countries, are offering programs in others’ countries. This trend has been especially fuelled by a recent international decline in government funding for higher education and thus the need for universities to become entrepreneurial. Within a framework of shrinking funding, universities are forming partnerships with organizations overseas to offer degrees to fee-paying students in their home countries.

The major market for these programs is Southeast Asia, predominantly Singapore, Hong Kong, Malaysia and China.¹ For instance, by 2003, more than 70% of all the 1,569 offshore programs offered by Australian universities were in China, Singapore and Malaysia. Among them many are on offer in Hong Kong. All Australian universities currently have offshore arrangements and view such arrangements as a way to enable their institutional expansion. There are a number of different types of transnational education including twinning arrangements, franchised courses, moderated programs, offshore campuses and distance education using on-line delivery and various levels of staff support.

As opposed to most of the traditional internationalization activities which are non-profit and research-oriented, transnational education represents the direct impact of trade liberalization, with an income generation motive and a more commercial approach (Knight 2002). Yet, it has been largely well perceived by importing countries. At the national level, while exporting countries benefit mainly from the huge revenue generated and the competitive advantage they win in the global market of

education, importing countries minimize the risk of brain drain, attract advanced new resources for higher educational development, and accelerate the expansion of higher education without incurring further charges on public finance.

At the institutional level, the exporting universities benefit from direct revenues and the high profile secured from these transnational programs. International linkages with importing countries also help to attract a regular supply of prospective students from partner institutions who pay higher foreign student fees to enroll at foreign campuses. In so far as local institutions are concerned, these programs often provide them with a means of acquiring and delivering an additional or new course at the least cost and the opportunity to enhance staff experience and development in new fields where there is a shortage of expertise in the importing country. When a particular program is popular, it often translates into an additional source of income for the local institution too (Lee 1999). At the individual level, the main attraction of transnational programs is their cost saving and relative higher rates of return than degrees from local universities.

The current trend towards the development of transnational higher education adds a new dimension to university study, which might even have profound implications for the international landscape of higher education. Understanding the particularities of these new phenomena causes increasing concern. However, there is a lack of research on the policies and practices generally, and still fewer studies offer a specific focus on Hong Kong in particular. This paper contributes to such research agenda by exploring issues regarding policy and practice of transnational higher education in Hong Kong.

The paper is in three parts. The first part illustrates the higher education system in Hong Kong as a context of transnational higher education programs. The second part briefly describes the current situation of transnational higher education development in Hong Kong, drawing an overall picture. In the final part, consideration is given to the dilemmas currently experienced by transnational higher education in Hong Kong.

The aim of this paper is to capture some of Hong Kong's experience of transnational higher education set within its cultural complexities and social contexts, using both primary and secondary sources. Gaining an understanding of the contextual background for this study was facilitated by the researcher's longstanding observation of and some personal working experience within the Hong Kong higher education system. It is also based on the author's first hand experience from being directly involved in providing transnational higher education in Hong Kong, both as a lecturer and as a negotiator between Australian universities and their Hong Kong partners.

The Hong Kong higher education system

After having been a British colony for one and a half centuries, Hong Kong's sovereignty was returned to the People's Republic of China as a Special Administrative Region with a high degree of

autonomy on 1 July 1997. Hong Kong higher education follows the British model, and consists of three levels: at the first university stage level are the Associate Degree and Higher Diploma, the Bachelor's Degree and the Honors Degree; at the second stage is the Master's Degree; at the third stage is the Doctorate Degree. Associate Degree and Higher Diploma programs commonly require 2 years and offer a different route to higher university degrees. Bachelor's Degrees require a 3-year course study (some programs take 4-6 years). In addition, in technical/vocational institutions students may continue studying part-time for Higher-Certificate or Higher-Diploma qualifications. Masters' Degrees require 1-2 years of full-time study (3 years part-time). Doctoral degrees are conferred after 2-7 years of research work and approval of a dissertation.

Higher education institutions in Hong Kong are mainly financed by the government. Funding allocation is primarily through the University Grants Committee (UGC). The UGC, along with manpower planners, regulates the number of university and diploma holders. There are 8 universities funded by the UGC: Chinese University of Hong Kong, City University of Hong Kong, Hong Kong Baptist University, Hong Kong Institute of Education, Hong Kong Polytechnic University, Hong Kong University of Science and Technology, Lingnan University and University of Hong Kong. They offer programs at sub-degree, degree, taught-postgraduate and research-postgraduate levels. Seven of them can grant their own degrees, while the Hong Kong Institute of Education validates its degree through the Hong Kong Council for Academic Accreditation (HKCAA).

The UGC provides financing by means of recurrent block grants on a triennial basis, and gives the institutions autonomy in how they use the funding. The universities are also allowed to implement their own curricula and academic standards. The UGC-funded institutions are the mainstream of Hong Kong's higher education system. There are institutions outside the UGC-funded sector, including the Hong Kong Academy for Performing Arts and the Open University of Hong Kong. The former funded by the government provides degrees, diplomas, and certificates in dance, drama, and music technical arts. The latter, totally self-financed, is a private, self-accrediting university in Hong Kong.

In 2001, Tung Chee Hwa, the then chief executive of the Hong Kong Special Administrative Region, set the goal that by 2011 Hong Kong would double from 30% to 60% the number of senior secondary school graduates who enter post-secondary education programs. This bold stroke would help thousands of young people prepare for life in Hong Kong's emerging knowledge-intensive, service-oriented economy. In order to achieve the goal, the number of higher education providers, including private institutions, is on the increase. Currently more than 20 private colleges and schools are expanding opportunities for post-secondary education by introducing programs that lead to Associate Degrees or Higher Diplomas. However, not all these institutions can award degrees on their own authority. Degrees at Caritas Francis College, for instance, are accredited by the HKCAA, and degrees earned at Chu Hai College are conferred by the Taiwan Ministry of Education.

In Hong Kong, university admission is determined by performance in the Hong Kong A-level Examinations. In 2003, 18,049 (50.3%) of 36,660 students who took the A-Level Examinations met the entry requirements of the 8 UGC-sector universities. But only 14,000 were accepted. More than 4,000 had to consider other options, such as Associate Degrees, Higher Diploma programs, or foreign studies at other institutions. In 2003-04 student enrolments (full-time equivalent) in UGC-funded institutions totaled 80,207, an increase of 1.9% over that of the previous year. Of the total, 14.2% (11,405) were enrolled in Associate Degree programs and 60% (48,094) were enrolled in undergraduate programs. The first-year first-degree places numbered 14,639, comprising about 18% of the 17-20 age cohorts. Overall, approximately 38% of students in Hong Kong aged 17 and older receive post-secondary education, including those who study overseas.

In the 1970s, the government began to expect tuition and fees to cover at least 12% of the recurrent expenditures. But it was not until 1989's higher education expansion in Hong Kong that this expectation was realized. In 1990, tuition fees rose to HK\$8,700 (US\$1,153), an increase of 16% over the preceding year. By 1997, tuition fees were HK\$42,100 (US\$5,400), an increase of seven-fold from HK\$6,000 (US\$769) in the mid-1980s. This amounts to an average increase of almost 25% annually, approximately 18% of unit cost, compared with 15.5% of unit costs in most other countries. The raising of the tuition-fee target has shifted more of the cost of higher education from the government to families and students. During the 2002-03 academic year, total costs or expenses borne by students and families in Hong Kong colleges and universities ranged from the low (HK\$89,860 or US\$12,930) to the moderate (HK\$122,000 or US\$17,550) and the high (HK\$156,130 or US\$22,460).

In the current world climate of tight money, the Hong Kong government, like governments elsewhere, has been looking to cut university budgets. A new post-secondary education marketplace is emerging, through which the programs to educate thousands of additional students each year would be created. While the Education and Manpower Bureau (EMB) would play a facilitative and quality-assurance role in stimulating and regulating this new market, the major investments needed to expand higher education in Hong Kong would arise from providers themselves, both local and from overseas, and from the fees students pay to them. To stimulate this market sector, the government through the EMB set aside billions of Hong Kong dollars for interest-free loans to build new campuses; provided several dozens of million dollars to support the accreditation process for providers of new programs, and has established a new student loan program. Billions of dollars were awarded to Hong Kong Polytechnic University, the University of Hong Kong, Hong Kong Baptist University and Caritas Hong Kong to expand their self-financed programs. Grants and low-interest loans are now available to students entering full-time self-financed degree programs. The maximum means-tested student loan per year is HK\$ 57,090 (about the full cost of tuition), while the maximum non-means-tested loan is HK\$ 33,490.

This reflects a shift from subsidizing the provider to providing financing to the student, who chooses the provider and the program. Rather than funding a quota of student places each year

mediated through a common, competitive exam-based entrance system, this approach is designed to stimulate demand and allow students to “shop around” for programs that suit their interests, fit their means, and advance their career goals. Ideally, Hong Kong can maintain its highly competitive, merit-based university sector while also creating a greater opportunity society for many students who in the past have had few chances for formal education beyond high school. The knowledge-intensive, service-based economy to which Hong Kong aspires needs a broad middle class that is educated well into the post-secondary level.

However, in view of its fine and well-provisioned local university system, Hong Kong has not developed its own indigenous marketplace of self-financed post-secondary provision. This is because for a long time universities in Hong Kong have been well fed, with little pressure to do so. This is ironic in view of Hong Kong’s sophisticated entrepreneurial culture and its unique global position between China and the West. Only most recently has this begun to change. Hong Kong’s entrepreneurial culture, so pervasive in other aspects of the city’s life, is coming to higher education as well. The emerging market of self-financed degree programs will bring opportunities to Hong Kong people undergoing the wrenching structural adjustment from a manufacturing to a knowledge-intensive service economy. Over time, the move to the market could also significantly expand the scale of Hong Kong’s capacity to broker higher education services between China and the West. In the long-term, this should bring long-term benefits to China, to Western universities, and of course, to Hong Kong itself.

There have been increasing calls for exporting Hong Kong higher education service to mainland China, especially from the Hong Kong government. To achieve this, the Hong Kong Trade Development Council has recently conducted a survey on the mainland, using questionnaires, interviews and focus groups with mainland students’ parents, teachers and principals. The survey reveals that Hong Kong’s higher education has been well perceived in the mainland, for being liberal and student-oriented, interfaced with the world, with good quality facilities and management. The most mentioned features of studying higher education in Hong Kong include its international interface and exchange, academic excellence, English language environment, meeting the needs of the mainland’s labor market, qualification recognition in Hong Kong, and enough care/support. The report finds that factors conducive to offering Hong Kong higher education on the mainland include: programs with approval from the Ministry of Education, catering for the needs of the local labor market, presence of Hong Kong academic staff, and identical provision in terms of requirements, standards, and qualification on the home turf.

In assessing the potential of exporting higher education services to the Chinese mainland, the strengths of Hong Kong’s education sector consist of three important elements: (i) an international component (i.e. good worldwide academic rankings, Western educational administration and international vision/interface), (ii) Chinese culture and (iii) the Hong Kong factor (i.e. proximity to the student population on the mainland, the Pearl River Delta in particular; the framework of “One

Country, Two Systems”, etc.). It also lists a number of weaknesses of exporting Hong Kong higher education to the mainland including low awareness of Hong Kong education services on the mainland, low proportion of non-local students in UGC-funded programs as well as in self-financing programs, congested living environment and higher living costs in Hong Kong.

The report urges Hong Kong higher education sector to take advantage of the opportunities arising from the mainland's rising demand for higher education, low outflow rate of mainland students to study abroad, strict US student visa policy since the “9/11” event, and the capacity of Hong Kong higher education sector to absorb new intakes from the mainland. It acknowledges, admittedly, some threats to Hong Kong higher education sector in exporting services to the mainland, arising mostly from the keen competition from countries like Australia, the UK, France, Japan and Singapore, most of which have concerted efforts from government, educational bodies and higher education institutions in promoting education exports.

It is in the aforementioned context that transnational higher education is provided in Hong Kong. Indeed, universities from the United Kingdom, the United States, and Australia have long operated in Hong Kong as a sophisticated higher education marketplace. Hong Kong has been a highly rewarding place to recruit students and to deliver extension programs. Over ten thousand Hong Kong students are currently studying in the United Kingdom at universities and about 7,700 are enrolled for degrees in American universities. Annually, Australia recruits about 6,000 Hong Kong students and Canada about 2,700 Hong Kong students to their universities. In 2001 the US consulate in Hong Kong issued 5,825 student visas to Hong Kong residents; in 2002 they issued 4,651. Nearly 30,000 students from Hong Kong go abroad to study each year. Relative to the size of the local post-secondary system, this market-based, transnational flow of university students is probably the highest proportion in the world.

A general description of transnational higher education in Hong Kong

Transnational higher education is not a new phenomenon but the pace of its global expansion is a new development. This section is divided into two parts. Following an introduction to Hong Kong government's regulations of transnational higher education in the first part, the second is focused on the detailed information of current transnational higher education programs in Hong Kong as practiced in late 2005.

Regulations of transnational higher education in Hong Kong

The Hong Kong government's code of practice for non-local courses is moderately liberal. It requires that any overseas institutions gain accreditation or other formal permission from its Education and Manpower Bureau prior to commencing operations. This category is diverse, ranging from compulsory registration to formal assessment of academic criteria. Requirements are generally

straightforward and non-burdensome. Under this legislation, all exporting courses conducted in Hong Kong leading to the award of non-local higher academic qualifications (i.e. sub-degree, degree, postgraduate or other post-secondary qualifications) or professional qualifications must be properly registered or be exempted from registration.

The Hong Kong government does not attempt to directly regulate the quality of transnational higher education, nor does it try to shape the content, level or cost of courses offered by external providers. The legislation leaves these decisions to the market, and the state's role is confined to ensuring that all participants in the market provide information that would enable informed choices to be made by consumers, reflecting a free-market approach of the government (McBurnie and Ziguras 2001).

Unlike some national governments, such as those in mainland China and Malaysia, which play a strong role in shaping the development of joint programs, Hong Kong's free-market approach is more consumer-oriented. The government stresses how transnational education may be expected to contribute to meeting the demand for education in Hong Kong to provide a wider range of opportunities to consumers. Similar to Singapore, Hong Kong emphasizes the role of transnational education in providing competition to local institutions to push them to strengthen their capacity. Hong Kong then attaches more importance to the personal development of students by emphasizing the meeting of individual needs and protecting individual rights.

Transnational higher education programs in Hong Kong are expected to provide competition and complement the offerings of local education providers. Much attention has been paid to protecting consumers by working on quality assurance. The Non-local Higher and Professional Education (Regulation) Ordinance was legislated in July 1996 and came into force in December 1997. The government declared that the purpose of the Ordinance is to protect Hong Kong consumers from "cowboy" operation and "diploma mills" by guarding against the marketing of substandard non-local courses conducted in Hong Kong.

The Registrar of Non-local Higher and Professional Education Courses will approve the registration of a course if it meets the criteria detailed in section 10 of the Non-local Higher and Professional Education (Regulation) Ordinance Cap. 493 (the Ordinance). The major criteria include:

- (a) In the case of a course leading to the award of a non-local higher academic qualification by a non-local institution,
 - the institution must be a recognized non-local institution;
 - effective measures must be in place to ensure that the standards of the course offered are maintained at a level comparable to a course leading to the same qualification conducted in its home country; and
 - this comparability in standards must be recognized by the institution, the academic community and the relevant accreditation authority (if any) of the home country.

- (b) For a course leading to the award of non-local professional qualification by a non-local professional body,
- the professional body must itself recognize the course for the purpose of awarding the qualification or for the purpose of preparing students for sitting the relevant professional examinations; and
 - the professional body must also be generally recognized in its home country as an authoritative and representative professional body in the relevant profession.
- (c) Arrangements for payment and refund of the fee charged for the course should be satisfactory, and all the fees as well as the arrangements for payment and refund of fees and charges approved by the Registrar should be stated clearly in the contract with students.

To ensure the registration criteria are met continuously, operators of registered courses have to submit annual returns to the Registrar for scrutiny. They are also required to notify the Registrar and the students in writing of any changes in particulars that may affect the registration criteria (e.g. if the operator/the content of the course is changed, or the arrangement for payment/refund of the fee is changed) within one month of such change.

The above registration requirement does not apply to three types of courses. Operators of non-local courses should make their submissions for registration and exemption to the Non-local Courses Registry (the Registry). However, operators of exempted courses, like those of registered courses, are still required to submit annual reports and observe other rules in respect of advertisements, refund arrangements, safety of premises, etc. The first are courses conducted in collaboration with specified local institutions of higher education. These courses are exempt from registration if the executive head of the local institution certifies that the course meets the criteria required for registration both in terms of the standing of the institution or professional body and the quality assurance and recognition status of the course. These local institutions include the City University of Hong Kong, Hong Kong Baptist University, Hong Kong Shue Yan College, Lingnan University, the Chinese University of Hong Kong, the Hong Kong Academy for Performing Arts, the Hong Kong Institute of Education, the Hong Kong Polytechnic University, the Hong Kong University of Science and Technology, the Open University of Hong Kong, and the University of Hong Kong.

The second exempted courses are purely distance learning courses, conducted solely through the delivery of mail, transmission of information by means of telecommunication (e.g. TV, radio or computer network), or sale of materials in commercial outlets, etc., but without the institutions, professional bodies or their agents being physically present in Hong Kong to deliver any lectures, tutorials or examinations, etc. These courses are excluded from the registration requirement, though their operators are encouraged to apply for registration to demonstrate that they fulfill the registration criteria. In order to provide some form of consumer protection, advertisements in respect of such

learning courses are also subject to regulation under the Non-local Higher and Professional Education (Regulation) Rules.

The third are courses conducted solely by local registered schools or local institutions of higher education. They are governed by the Education Ordinance Cap. 279. Those courses operated by local institutions of higher education will also be monitored under the existing quality assurance measures for these institutions.

The Registry is responsible for processing all applications for registration and matters concerning the exemption of courses from registration. The Registrar will normally seek the independent expert advice of the Hong Kong Council for Academic Accreditation as to whether a course can meet the criteria for registration or exemption from registration. Operators of courses need to first secure their registration or exemption status before conducting the courses in Hong Kong. It is an offence to conduct courses without registration or exemption. Operators must submit duly completed application forms to the Registry at least four months before the commencement of the course. The processing time varies, depending on the number of applications received at a particular time.

The Ordinance also provides some regulations of advertisement of non-local courses to avoid inducing enrolment in any regulated course which is not registered or exempted and any false or misleading materials in any advertisement on any regulated course or purely distance learning course. Advertisement in respect of a registered course must contain its registration number and a statement which reads “It is a matter of discretion for individual employers to recognize any qualification to which this course may lead”. Advertisement in respect of an exempted course must state that it is an exempted course and carry a statement which reads “It is a matter of discretion for individual employers to recognize any qualification to which this course may lead”.

In the case of a purely distance learning course where the operator chooses not to register under the Ordinance on a voluntary basis, the operator should, in the relevant advertisement, remind consumers that the course is a purely distance learning one and is therefore not subject to the registration requirement.

The operator of registered/exempted course must refund the relevant part of the course fee which ceases to be conducted due to (a) cancellation of the registration status of the course; (b) cancellation of the exemption status of the course; or (c) pre-mature cessation of the course. According to the Ordinance, a refund should be made within one month of such cancellation or cessation.

An operator may appeal to the Non-local Higher and Professional Education Appeal Board against the decision of the Registrar to (a) refuse his application for registration; (b) impose conditions of registration in relation to a course; or (c) cancel the registration of a course. The appeal procedures are set out by the Non-local Higher and Professional Education (Appeal Board).

An overall picture of transnational higher education in Hong Kong

International trade in education is clearly of benefit for the economies of the major exporting nations (largely English speaking countries), and the leading exporters of education generate significant foreign exchange income from trade in services, including the United States (US\$10.3 billion), the UK (\$3.8 billion), and Australia (\$3.2 billion) (OECD 2002). To compete for the overseas educational dollars is the most important reason for foreign universities to provide transnational higher education in Hong Kong. In addition to this, another consideration is to prepare for their further move into the huge Chinese mainland market.²

In the higher education market in Hong Kong, the competition between different universities, both local and international, is particularly fierce. Therefore, providers are working hard to meet Hong Kong local customers' demands. The competition and the efforts to meet local needs are particularly epitomized in the source countries of partner institutions and subject distribution, to which we are now turning.

As shown by the following figures, by the end of September 2005, transnational higher education programs in Hong Kong totaled 1,039. Among them, 411 (39%) are registered courses and 628 (61%) are exempted course. In terms of the source countries of partner institutions, most providers of the transnational higher education in Hong Kong come from developed English speaking countries with advanced technology and educational systems. The United Kingdom, Australia, the United States are the three countries most actively exporting their education to Hong Kong. It is important to point out that mainland China is increasingly occupying market share in Hong Kong. Of the registered and exempted courses its percentages are respectively five and nine. The later is ahead of that of the United States. This trend is most likely to continue as mainland Chinese degrees are more recognized and the interaction between Hong Kong and the mainland increases.

As an international centre of finance and trade, Hong Kong naturally focuses on business and management as the main importing area. A large proportion, up to 53%, of all joint programs offered in Hong Kong, is in the field of business and management. This is similar to mainland China in the subject formation of joint programs (Huang 2003). The other major areas of joint programs include health, education, and information technology. Programs in information technology, teaching of foreign languages (especially the English language), law and engineering are also popular among Hong Kong students. Interestingly, there is increasing diversity especially because of the provision of mainland Chinese universities, which often focus on those linked closely with the Chinese society and culture. For example, there are more and more courses in Chinese language and culture, contemporary China's commerce and law, and traditional Chinese medicine, to name but a few.

The following figures give some general ideas of the numbers of both registered and exempted courses of transnational higher education in Hong Kong, and the percentages of the involvement of the main countries and regions.

Figure 1. Numbers and percentages of courses in the non-local courses registry

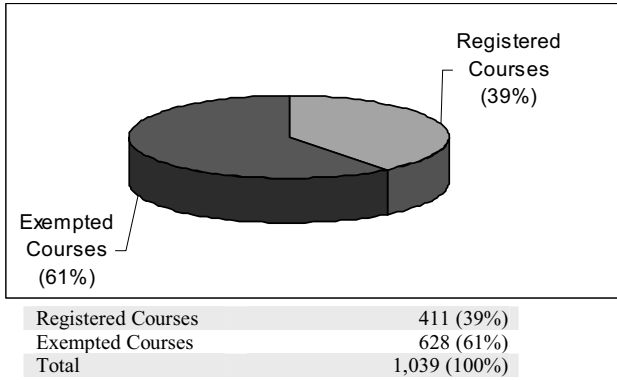


Figure 2. Percentages of registered courses

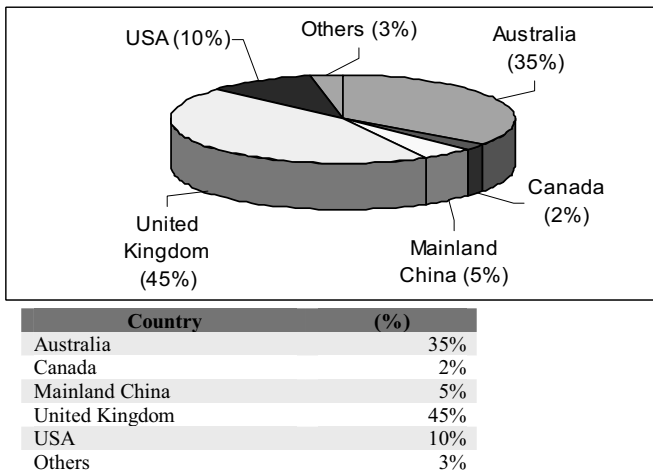
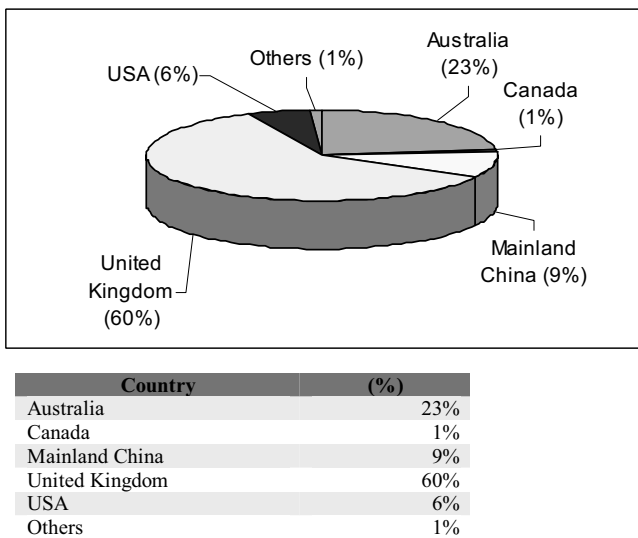


Figure 3. Percentages of exempted courses



Source: <http://www.emb.gov.hk>, retrieved 25 September 2005, with some minor modifications

Dilemmas and directions

While the export of foreign (often Western) higher education to Hong Kong is usually viewed as an educationally and culturally positive development within the corporatization of higher education, many critical perspectives raise a number of problematic issues (Dunn and Wallace 2004), including the commodification of knowledge and the hegemony of Western knowledge and pedagogies. Curriculum is of utmost importance to participants in transnational higher education. Some students, in many non-Western countries in general and those in Hong Kong in particular, choosing to undertake a Western degree want just that; and to adapt curriculum and pedagogy is somewhat condescending, a form of reverse colonialism. Western universities may have an impact culturally as well as educationally on the lives of their international students and so contribute to a global shaping of identities towards Western values. There are a number of pedagogical issues to be considered such as whether or not Western adult learning theory applies in Hong Kong.

For example, one often-confronted issue in transnational higher education in Hong Kong relates to the importance of understanding the subtle cultural coding of language and the difficulties of some Hong Kong students in cracking the textbook English code. Imperfect linguistic and cultural understanding affects learning strategies and performance on assessment tasks. There are also cultural differences in the techniques some Hong Kong students use to learn, the role of memorization and different meanings of concepts such as deep understanding. Hong Kong students are trained to do well in competitive examinations by learning how to “compile” information rather than how to “compose” it in a different way from Western educated students. It is the Western transnational higher education provider’s challenge to adopt the Western “genre” albeit without imposing cultural and pedagogical imperialism.

Participants in Hong Kong transnational higher education enroll with an overseas institution because they are attracted to the idea of receiving an international education. For many of them, “international” means more than the inclusion of local content in an otherwise Western framework. Many students claim that they cannot “assimilate” what is said in class. Fast-tracking is not always a benefit, as people need prior learning for some courses. Students have to reconcile roles between home culture and being an offshore student. This is why the Australian Vice Chancellor Committee maintains that Australian universities should provide cross-cultural training programs for academics before they depart for offshore teaching.

Recognizing and accommodating cultural differences is then essential to the success of transnational higher education courses. If these are not recognized then perhaps transnational higher education providers are indeed just focusing on a marketable product at the expense of academic standards. In the following section, some key issues in this aspect are selected to be addressed. Transnational MBA education in Hong Kong is often chosen as an example to illustrate the dilemmas

and directions more specifically, on the basis that it is the most popular program. Due to the limited space here, it is mainly confined to curriculum issues.

Curriculum adaptability

The first issue is curriculum adaptability. Both the local culture and globalization play an important role in transnational higher education programs in Hong Kong. Students are most concerned about course contents and their reflection of social and industry needs (the local). Meanwhile, administrators and teachers involved in such transnational higher education provision often emphasize more the necessity of exposing Hong Kong students to the increasingly enormous impact of globalization (the global). Many students are discontented with the curriculum adaptability of transnational higher education courses due to their lack of account of Hong Kong local society, culture and industry.

Education, as one of the most important parts of social practice, is inevitably influenced by the national cultures of both providers and recipients. Indeed, it could only be understood in the light of a particular culture and society. In this aspect, transnational higher education courses are almost necessarily in a dilemma. Taking MBA education as an example, business administration is getting things done through people, and a business administrator has to understand people's background. Business administration is rather the management of people working in the business than the management of the business itself. As the purpose of the MBA curriculum is to train more elites in business management, the influence of culture has to be taken into account. Business administration is no longer restricted to the field of management as its name suggests. Rather, it is closely related to local society and culture, which influence various aspects of business administration, such as the selection of business strategy, the distribution of power in businesses, and uncertainty avoidance in managing.

In the case of MBA education provided to students in Hong Kong, both the traditional Chinese and the local Hong Kong cultures should be major considerations (Cheung 1998). The influences they bring to education and business management can be of great significance. As the need to adapt teaching and learning approaches in MBA education to local context is recognized increasingly, this imperative applies particularly to Hong Kong, where "substantial differences in pedagogical norms to those of the West exist" (Thompson 2002). There are some key areas of cultural difference in education between Hong Kong and Western countries, such as the basic understanding of cause-and-effect relationships between events, activities and phenomena, the assessment of probability, the way time is perceived, the view of the individual and his/her role, and processes of control over human behavior.

There are also some significant characteristics of Hong Kong local culture. For example, the Hong Kong mind lays heavy emphasis upon the concrete and the particular: people in Hong Kong tend not

to think of the future in calculative terms, Hong Kong perceptions of time are represented by a series of circular phases, individuals are seen by Hong Kong people as inextricably bound up with their social context, and people in Hong Kong have an inclination to avoid shame due to infringing social norms, which are situational. Some of these cultural characteristics are common to most Chinese societies and yet different from other cultures, including the emphasis on respect for hierarchy or authority, the value of entrepreneurial spirit, and the high value placed on collectivism and Confucian family values (Li and Karakowsky 2002).

These cultural emphases on collectivism, high power distance, strong uncertainty avoidance, strong femininity, and Confucian dynamism (long-term orientation) have a significant influence on the ways organizations conduct business and training in the location (Chang 2004). They make Hong Kong a unique place for business administrators, and thus require a substantial adjustment to the Western way of thinking about management.

While management is culture-bound and the dominant Western theories of management in the literature are often ethnocentric and inappropriately interpreted as universally applicable, most transnational MBA programs provided by Western universities in Hong Kong have relatively better awareness of these issues and thus have tried to incorporate some local situations. Most other transnational higher educational courses in Hong Kong, however, remain based almost entirely on Western experience. In fact, this is precisely a selling point of some programs. For example, some Australian universities advertise their transnational higher education courses in Hong Kong as exactly the same as they offer on-campus within Australia. However, education, curriculum and business administration are all culturally dependent, and what works in one country does not necessarily work in another. Business administrators, teachers and curriculum developers are all human and are constrained by the cultural environment in which they grew up and which they know. It is comparatively less complicated when an educational program is situated in the home country where it originated and its recipients are from the same culture as the program. The story is dramatically different when such programs are delivered in another culture and to people holding different values, beliefs and assumptions.

Furthermore, local culture is not the only element that influences curriculum adaptability. Current international education appears to produce in students a global imagination (Rizvi 2000), due largely to the accelerated trend of globalization. The adequate understanding of globalization cannot be detached from its cultural dimensions. Globalization itself, just like culture, penetrates the big and small spaces of human life. There are intimate relations between globalization, education and curriculum development. The contemporary theoretical work on globalization most clearly demonstrates the limitations of the long-established dominance of the nation-state framework for curriculum design.

Course content

A much related second issue is course content. This is an important issue as the curriculum content of a course has to address a specific set of needs and to cover a certain set of objectives. The choice of a particular approach to content selection depends on subject-matter knowledge, the learners' proficiency levels, current trends and views on the subject matter, conventional wisdom, and convenience, reflecting the planners' assumptions about the nature of subject matter, necessary skills and theories, and some of the most essential elements in a practical sense, as well as how these elements can be organized as an efficient basis for students to learn. In an MBA program, for example, the course content generally contains cultivation of imagination and resourcefulness and the entrepreneurial spirit. This is the single most important contribution university education in general and business school education in particular can make to the national economy. It is precisely this loss of resourcefulness and imagination at the expense of acquiring a set of prescribed analytical problem-solving capabilities that transforms the aspiring entrepreneurial manager into a pedantic bureaucrat, or at best a competent administrator. Students do not think that a strongly theoretical orientation necessarily makes for a good course. This tends to support the preference for faculty with practical business, rather than theoretical and academic reputations. It also reinforces the view that a strong business linkage is an important facet in making an overall MBA degree an exceptionally good one.

Many transnational MBA programs offered by Western countries in Hong Kong are characterized with a "cocktail" curriculum that incorporates current Western-style business courses with some management subjects that reflect the business environment in Hong Kong. Such a one-for-all purpose guiding curriculum helps to avoid the divorce of the curriculum from the Hong Kong context, although it still lacks the ability to mix up the different Chinese and Western course contents well enough to allow students to integrate them. Most of these transnational MBA courses integrate some characteristics of globalization into their course content, and this makes them somewhat adaptive to local needs. For example, students are exposed to the international dimension through various elements of the curriculum; students are prepared for careers locally as well as worldwide through the introduction of some content such as international business environment, international intellectual property regulations, and international finance.

Hong Kong students are generally positive about the fact that the course content of these programs pays much attention to the influence of globalization on business education. Instead of following the Harvard MBA curriculum mode, which focuses mainly on American market and businesses, some transnational MBA programs in Hong Kong allow a certain flexibility in terms of their course content. With each subject, the teachers prepare their own teaching materials, and they can decide to go without a formal textbook when appropriate. In this way, the course content is more focused on Asia-Pacific areas, although most of the theories and concepts in different subjects are still based on North American and European markets and businesses, and a considerable number of students still find that

the course content insufficiently adaptive to their local experience and background. The most cited subjects with such inadequacy include intellectual property management, human resource management, marketing, and entrepreneurial business planning. It is not surprising that students are dissatisfied with the content of these subjects, as they are some of the areas that show the differences between businesses operation in Chinese and Western societies and markets.

Furthermore, Hong Kong students enrolled in transnational higher education are not always satisfied with the extent to which their program contents suit their local context. Again using MBA as an example to illustrate, Chinese managers' understanding of managerial work in many cases is different from that of their Western counterparts, due to the collective nature of Chinese culture. As a result of lacking such an understanding, the contents of subjects are mainly centered on Western business administration modes, and are considered by students not to correspond with the actuality in Hong Kong. For example, most of the case studies employed in the programs are overwhelmingly related to business practices in Western countries, lacking direct applicability to the industrial environment in Hong Kong. The business strategies, systems and methodologies in the curriculum are all modeled on Western countries, and fail to give Hong Kong students real-life guidance.

Another example is human resource management which is, in the West, mainly concerned with handling relationships between workers and their organizations and therefore is an administrative process of implementing established regulations or procedures (Zhou 2003). With the highly valued collectivism and high power distance in Hong Kong culture, students find the human resource management approaches in Western countries greatly different from the situations they have experienced in their familiar managerial circumstances. The practice of human resource management there is more likely to be influenced by many other human factors including "*guanxi*", "*mianzi*" and "*renqing*", which involve other issues beyond their boundaries such as mediating conflicts in an employee's family.

While the circumstances discussed in the example of MBA education are quite specific, the general principle of the necessary incorporation of local content into transnational higher education curricula apply to all other courses. It is generally found that in the course content, local Hong Kong knowledge and wisdom is largely nonexistent, which, however, should have been predicted and could contribute to knowledge building not only for the curriculum of transnational higher education programs in Hong Kong themselves, but for the academic community worldwide. With China's rise, most recently, knowledge of China's actuality and the Chinese culture has attracted attention worldwide. There is little reason why such understanding has not been incorporated into the curriculum content of most transnational higher education programs offered by Western universities in Hong Kong. Much further effort is needed from transnational higher education providers involved in curriculum development to include more Hong Kong and China specific content to make such courses more attractive to Hong Kong students.

Teaching strategies

The third issue concerns with teaching strategies, something that is considered as of great importance in any educational program. Considering the fact that learning in Hong Kong is traditionally most likely to be a one-way process of knowledge transfer from teachers to students, typical teaching in Hong Kong classrooms is characterized by dominant lecturing by the teacher and rote learning by students (Haight and Kwong 1999), heavily influenced by Confucianism with core emphasis on the respect for authority. Teaching staff are usually the center of the programs. Hong Kong students value the role played by their teachers in educational programs. They are relatively weak in practical communication skills in terms of public speaking and professional writing, due partially to the impact of Confucian culture on their learning strategies. Traditionally, in a learning environment in Hong Kong, the teacher is the source of “correct” knowledge, and the right answer is generally “knowable” and should be memorized by a “good” student. Students feel comfortable to speak their opinions only when they consider they know the “right answer” (Thompson 2002).

Hong Kong students enrolled in transnational higher education programs place high value on the integration of teachers’ personal experience in teaching approaches. In MBA education, for example, students realize that practical skill training is at least as important as learning theoretical knowledge. They now appreciate interactive instructional approaches much more than before when a traditional “chalk-and-talk” approach dominated (Zhou 2003). Generally, Hong Kong students remain strong at memorizing theories and concepts from the textbooks. Many of them lack the capability to apply abstract theories and concepts to analyze practical problems in the world of business. Their dominant thinking is that MBA is by and large a practical degree, where theories are only useful as long as they can be applied to their daily business situations. Thus, only teachers with extensive personal experience of combining theories with practice can confidently pass on the practical knowledge to them. Overall, it has been reported that Hong Kong students are largely content with the strategies their teachers take in transnational MBA programs.

One of the most outstanding advantages of such programs is teachers’ engagement with students and their capacity to integrate their practical experience to many seemingly abstract academic contents in the curriculum and to make their lectures vivid, attractive and easy to understand. This is especially important because many Hong Kong students’ English proficiency is limited. For many Hong Kong MBA students, the most needed knowledge is not only that from textbooks, but also the problems, solutions, approaches, and principles that are applicable in their workplaces. Although some students find it uncomfortable to meet their teachers’ requirements, they generally consider the teaching approaches employed by their Western lecturers as “good”, “advanced” and “beneficial”. Their preference confirms Haight and Kwong’s (1999) view that skills related to analytical thinking and professional communication should be emphasized to Hong Kong students, and should be considered

in relation to the influence of Western learning approaches brought about by the intensified globalization.

After certain period of study, many students feel their biggest gain from transnational higher education programs is their increased confidence to express their opinions in different situations, both in written and spoken form. Such progress results from the interactive teaching strategies used by Western teachers, and their encouragement to elicit students' opinions on various topics covered in the courses and in all situations by applying concepts and theories learned in class in practice.

However, a fatal flaw of faculty as seen by students and some of the teachers themselves is that Western teachers generally do not have sufficient understanding of the society and culture in Hong Kong. The limited knowledge is usually second-hand, often inaccurate and out-of-date. In MBA education, when these teachers face specific Hong Kong-related issues raised by their students such as problems in doing business in Hong Kong and mainland China, their first reaction is often to deny the possibility of such problems, explaining the unlikelihood of such problems in modern business. What these teachers may not understand is that, with its local culture different from that in most Western countries and a mixed influence of both Chinese and Western cultures and the current globalization, Hong Kong's actuality is fairly unique. To understand it requires great efforts and takes substantial time. While Hong Kong students enrolled in transnational higher education programs expect their Western teachers to be more familiar with the local situation, most Western lecturers gain their professional experience in their own countries, and are trained to teach only in their home-country environment to local students. Therefore, one major obstacle that impairs the transnational programs is the shortage of qualified teaching staff with a reasonable knowledge of Hong Kong.

The approaches employed by Western lecturers also lead to a different sort of student-teacher relationship, with which Hong Kong students are not particularly familiar. This leads further to different expectations between students and their teachers. Most students enrolled in transnational higher education programs welcome the programs because of the flexible delivery and learning modes which help them to maintain work and family commitments while studying. They work long hours, have family commitments that conflict with the demands of study, and have little support from their employers to carry out workplace-based assignments. Transnational programs are compressed within a short amount of time, with intensive face-to-face delivery. Their teachers expect them to spend considerable amount of time to read course material and prepare for their classes in advance (Evans and Tregenza 2002). Many of them, however, are unable to do so. There are thus mismatches in the academic expectations of the provider and the actual situation of the students. This becomes a problem especially for those who are forced to choose the programs due to their professions rather than personal interests (Chapman and Pyvis 2005). Most of them feel it is very difficult to strike a balance between their study and work and family commitments. Unfortunately, in consideration of the increasing difficulty in job security in Hong Kong, they often prioritize work opportunities over study and family activities.

Composition of co-students

The issue of the composition of co-students in transnational higher education programs has been little studied. Yet many students enrolled in such programs feel strongly about this. The issue becomes particularly prominent due to the more engaging and interactive teaching approaches employed by Western lecturers. For example, in MBA programs, students should be viewed as important resources to enhance the quality of the programs because they can provide firsthand knowledge about the global marketplace and discuss intelligently how the acceleration of technological and cultural changes affect their workplace and business (Richards-Wilson 2002). It is to some extent beyond the expectation of transnational education providers that students are paying more and more attention to the qualities of their fellow students. Intelligent and keen students with extensive professional experience are welcomed by their classmates.

Students attach great importance to the qualities of their classmates for two reasons. First, the classmate's intelligence, perspectives, and professional experiences are seen as an important source of learning, encouragement and inspiration. Hong Kong culture highly values this kind of inclination of learning from other people in a group, which corresponds to the collective tradition in Chinese culture. Secondly, and connected to the strong Chinese tradition again, "*guanxi*" is eyed as crucially important by all participants in transnational higher education programs for their professional development. As most fellow students are in similar fields, the class becomes a network of potentially useful contacts. Hong Kong students therefore pay much attention to the composition of their classmates and expect to establish some potential professional contacts for their futures through intercourse with them.

Another factor that adds further significance to this issue is students' constant complaint about the enrolment criteria in transnational higher education programs. Many students believe that enrolment requirements should be more strict and specific about relevant professional experience, personal qualities and academic performance, with more reliance on interviews. It has been a disappointment for them to see some of their fellow students are only interested in the degree/certificate itself, short of initiative, knowledge and relevant experience to make contributions to group discussion/activities. Such students then affect the performance of the class as a group.

Another aspect of classmate-composition concerns the fact that students enrolled in transnational higher education programs are often exclusively from Hong Kong. Occasionally, there are a few people from other parts of the world who are currently employed in Hong Kong. Their number, however, is very small. Although providers of transnational higher education in Hong Kong do not design curricula exclusively for Hong Kong students, there are still some differences between what is taught to them and to those enrolled from other places. These differences lie in many aspects, including the speed of lecturing, some omission or expansion with certain course contents, and the elective courses available to them. Providers have made some arrangements about the curriculum to

Hong Kong students in the programs out of the consideration that students are from different cultural and working backgrounds from those studying in the host countries and the international students there.

Hong Kong's transnational higher education students then have fewer opportunities to interact with students from other countries. This is a limitation as what students learn from each other is often as important as what they learn from the curriculum, and students learn more from classmates that are different from themselves. Besides, in the present era of globalization, the ability to work with people from other cultures is essential.

Concluding remarks

Discussion about international trade in higher education has become distinctly polarized in recent years, as proponents and opponents of trade liberalization focus their attention on the negotiations under the World Trade Organization's General Agreement on Trade in Services. The arguments of both sides, however, are very generalized and vague, lacking well-studied, empirical evidence (Ziguras 2005). Regardless of pros and cons, transnational education challenges the modernist, industrial conception of public education as a central function of the nation state for being neither national nor provided by the state.

Cooperation mechanisms at bilateral, regional and supranational levels are badly needed, and many such mechanisms are currently exploited in relation to transnational education (van Damme 2000). Unlike many governments in Southeast Asia which have responded to the growth in transnational education by implementing quality assurance and accreditation requirements for private and public higher education providers, Hong Kong takes a free-market approach and seeks only to ensure minimum standards and adequate information for consumers. Compared with many other societies, such a free-market approach is unique.

Hong Kong welcomes overseas institutions to provide higher education within its territory. In a highly competitive society like Hong Kong, there is great demand for both national and international higher education to improve individual knowledge and qualifications in order to increase their bargaining chips at workplace and opportunities for promotion. The main rationale for Hong Kong consumers to choose a transnational program is to gain an international education, which is considered important for a variety of reasons, particularly for its reputation for quality. In line with expectations of international students studying in host countries, participants in transnational programs in Hong Kong expect the quality of an international university course to be high. In fact, it is generally assumed that the quality of teaching in a transnational program would be higher than in a local one. Students usually "shop around" to take advantage of the increasingly competitive international higher education market in Hong Kong before their actual enrolment. Factors influential in their choosing the programs include the reputation of the university, cost of the program, familiarity with the institution and significantly, the mode of study.

To meet these expectations, there are a number of pedagogical matters essential to achieve high quality of transnational higher education courses in Hong Kong. Current transnational higher education has commonly involved educators from foreign (mainly English speaking) countries exporting their own locally developed curriculum, albeit with their local references removed. While removing location-specific content is claimed to be necessary to avoid “confusing” Hong Kong students, their attempt to universalize these courses risks abstracting the curriculum from a real-world context. Such a “global template” – a generic product that has no trace of local Hong Kong character of knowledge is a worry (Luke 2005). There is a danger of dissociating education from the social, cultural and political origins of Hong Kong. Such decontextualized “globalized” curricula reflect a particular view of what is claimed to be “universal” that is informed by the geographical and social location of the curriculum developer, which is typically the Western (English speaking) world. The implicit social values of these exporting countries inform the curriculum, and Hong Kong’s social and cultural context in which students live is largely ignored by such courses.

Notes

1. In this paper, China refers to mainland China, for ease of expression and comparison. The author recognizes that, in constitutional terms, Hong Kong, Macao and Taiwan are all parts of China.
2. In 2004, 7.23 million candidates registered for the entrance examination under the mainland’s National Colleges and Universities Enrolment System, rising by 18% from 2003. However, only 62% (or 4.5 million) of these candidates, or 19% of the population aged 18-22, were successful in securing a place for study in either undergraduate or diploma programs in the nation’s higher education institutions. The annual outflow of Chinese mainland students to overseas countries/regions for higher education study was estimated to be about 45,000 in 2002. The aspiration to study in higher education is very high on the mainland, and the intention to study overseas higher education is strong. While a substantial number of mainland Chinese students are projected to have the intention to study higher education abroad, many more have the intention to receive higher education provided by overseas institutions on the mainland.

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Transnational higher education in Japan

YOKO TSURUTA

University of Oxford Department of Educational Studies, 15 Norham Gardens, Oxford OX2 6PY, U.K. (E-mail: yoko.tsuruta@hertford.oxon.org)

Abstract. The Japanese government has implemented a number of new policies towards deregulation so that higher education institutions can be more distinctive and attractive by developing diverse, flexible and global academic activities. Under the neo-liberal reforms, it is expected that the quality of education, research and services of higher education will be enhanced in increasingly competitive environments. At the same time as establishing a certified evaluation system, quite a few deregulation measures have been implemented. These include the recent revisions of ministerial ordinances which are expected to further facilitate higher education provision across national borders ('transnational higher education'). This paper¹ discusses transnational higher education in Japan and its changing contexts by investigating relevant national policies and practice. Focusing on mobility of people, programmes and providers, the paper also attempts to analyse some key issues in the recent higher education scene and their implications for the future.

Introduction

Education in Japan has been influenced by other countries since its earliest stages, but has all the while been adjusting to the developing needs of the nation state. It is well-known in Japan that as early as the beginning of the seventh century, envoys were sent to China for the fostering of political relations and the study of the Chinese culture, philosophy and administration. Since then, except for the Tokugawa seclusion policy period for nearly two and a half centuries (when only the port of Nagasaki was open for trade with China and the Netherlands), Japan has been open to foreign countries. After the Meiji Restoration in 1868, the government facilitated modernisation of the country by inviting foreign faculty, instructors and engineers from and sending Japanese bureaucrats, academics and students to Europe and North America, and by assimilating Western knowledge and technology firsthand or through translated publications. These foreign instructors were mainly from the United Kingdom, the United States, Germany and France. It is interesting to note that at that time China also sent a considerable number of students to Japan to understand this rapid modernisation process of economic growth and educational development, and invited Japanese instructors to China.

In post-war Japan, internationalisation, which has been translated into Japanese as *kokusaika*, has always been a keyword in major reforms and developments. Among various meanings, purposes and manifestations of internationalisation, in higher education (HE), student exchange has been especially valued as a means to promote friendship, mutual understanding and Japan's intellectual contribution to the international community. More recently, globalisation has come to the fore together with the changing roles of universities in a knowledge-based society with advanced information and communication technology (ICT or IT). In globalised societies, universities are expected to contribute to the production of new knowledge and the enhancement of the quality of education and research as well as to foster competent people who can meet various challenges. Apart from the ideal of academic universalism, higher education institutions (HEIs) are hence oriented to the supra-national in both ideology and practice. At the same time, HEIs are bound to national and local elements, such as domestic and internal rules, orders and values, both visible and invisible. Under such complexities, globalisation, as well as other influential factors, such as marketisation and demographic change, has boosted the mobility of people, programmes and institutions across national borders (OECD 2004). Accordingly, the domestic educational system has been increasingly exposed to a *de facto* global standard, and the debate over quality, recognition and regulatory issues has been intensifying at the national and supra-national levels.

Although a number of scholars argue that there is no agreement over the meaning of the term globalisation, it can at least be said that flow and mobility are considered to be major features of globalisation and that global consciousness has been increasing (Robertson 1992; Appadurai 1996; Beekens 2003). In recent times, there has been growing attention paid to mobility in education, namely, education provision across national borders. Such 'cross-border education' is often called 'transnational education (TNE)' or 'transnational higher education (TNHE)' which has been defined as 'education in which the learners are located in a country different from the one where the awarding institution is based' (UNESCO/Council of Europe 2000). According to Knight (2004, p.8), unlike the term 'international', the term 'transnational' is 'used in the sense of across nations and does not specifically address the notion of relationships' between nations. In Japan, although TNHE has not been well recognised yet, it can be translated as being equivalent to the terms 'cross-border HE' or 'HE provision across national borders' as seen in recent policy and research papers. 'Borderless education' may also be used in a similar context, but 'TNHE' and 'cross-border education' obviously have a stronger sense of the existence of a jurisdictional or national border. In this paper, as Huang (2005) suggests, the author uses TNHE synonymously with cross-border HE to describe the phenomenon of HE which takes the forms of people mobility, programme mobility and provider/institution mobility across national borders (Knight 2003; OECD 2004). Although these forms are often overlapping and inseparable in practice, the author also employs this framework to investigate TNHE in Japan.

It should be noted that there is no fixed Japanese translation of 'globalisation'. In most cases, the

term is described in *Katakana* phonetics, *gurōbaruka* or *gurōbarizēshon*, as a denizen, and '[d]ue to the lack of consensus on the definition, globalisation is sometimes mixed up with Westernisation, Americanisation, homogenisation, generalisation, standardisation or internationalisation' (Tsuruta 2003b, p.4). Moreover, it has been pointed out worldwide that the term has multiple, complex and contested meanings with diverse rationales and stakeholders as well as competing or countervailing dynamics. Therefore, globalisation has often been discussed both positively and negatively in terms of its consequences and also discussed diversely in relation to the nation state and its governance as seen in the typology presented by Held (2000). Although globalisation is sometimes used in place of internationalisation (which is also multi-dimensional and lacking a unified notion), they are etymologically different, and internationalisation can be distinguished from globalisation in that it reflects a concern with the existence of nation states and borders, as well as internal circumstances (Knight and De Wit 1997; Tsuruta 2003a, b, 2005b). Scott (1998) asserts that globalisation should not be confused with or simply regarded as a higher form of internationalisation which reflects a world order where nation states play a central role. Therefore, it is quite understandable to often see the rhetoric of internationalisation as being equivalent to the extension of nationalism especially in a historical and political context.

It has also been pointed out that, as well as mutuality, internationalisation in HE has both introvert and extrovert aspects (Tsuruta 2003b, 2005b). On one hand, internationalisation takes the form of outreach by establishing overseas bases and branch campuses to provide educational, research and information services. On the other, some institutions may prioritise the aspect of 'internationalisation at home', through such methods as institutional reform and international and cross-cultural education offered to the students on campus. The former aspect has been seen more often in HEIs in English speaking countries as an important element of TNHE. In recent years, Japanese universities have also increasingly been taking up this approach in collaboration with their overseas partners. The recent revision of ministerial ordinances also allows them to establish an off-shore degree programme which can be recognised under the Japanese educational system (MEXT 2005a). The latter aspect has more widely been emphasised by HEIs as seen in the recent policies of the European Union (EU) as well as those of the United States and Japan. By internationalising people, campuses and curricula at home, institutions can meet the needs of both diversifying societies and of not only mobile students but also non-mobile students who account for the great majority of HE students (Nilsson 1999).

Currently, in Japan, domestic competition in education has been increasing due to a declining birth-rate and rapidly aging society, where the supply and demand for university places is expected to be equal by 2007. Moreover, Japanese HEIs must confront the challenges brought by a series of deregulation and quasi-market policy measures under the government's structural reforms following the prolonged economic stagnation after the burst of the bubble economy in the 1990s. These reforms have included the incorporation of national universities, and increasingly competitive funding mechanisms. Some of these policy measures are expected to be directly and indirectly related to the

development of TNHE. In globalisation and in such changing environments, what are the challenges and opportunities for Japanese HE? What is the status quo, and what are the rationales behind and current trends of TNHE in Japan? Is Japan considered to be an importer or an exporter in HE? In an attempt to answer these questions, this paper investigates TNHE in Japan in relation to the recent policy changes and practice through an extensive literature review. Focusing on the mobility of people, programmes and providers, it discusses the recent trends in TNHE and its implications for the future.

General context of HE in Japan

Overview of the HE sector

A master plan for modern schooling in Japan was created by the 1872 Education Law (*Gakusei*) after the Meiji restoration. Since then, through a number of reforms, the current 6-3-3-4 system was established in 1947 when the Fundamental Law of Education and the School Education Law were enacted (MEXT 2005a). According to the system, in principle², HE begins after the completion of 12 years of elementary (6 years) and secondary (3 years for lower and 3 years for upper secondary) schooling. Japan has a well-developed HE sector which comprises universities (in general, 4 year bachelor, 2 year master and 3 year doctoral courses), junior colleges (2-3 year associate degree courses) and colleges of technology (5 year associate degree courses including 3-year upper secondary education). There are other types of tertiary education oriented to vocational education and training such as specialised training colleges specialised (post-secondary) courses³ and miscellaneous vocational schools.

According to the Ministry of Education, Culture, Sports, Science and Technology of Japan (MEXT 2005b), as of May 2005, there are 726 universities, 480 junior colleges and 63 colleges of technology in Japan. The major HEIs are universities with a total of 2,865,067 students including 254,483 postgraduate students. There are 219,357 students at junior colleges and 21,524 students studying for the 4th and 5th years (post-secondary level) at colleges of technology. Japan is considered to be at the universal stage in terms of HE enrollment rate at 51.5% (44.2% at universities and 7.3% at junior colleges). Combined with the students at colleges of technology and specialised training colleges with post-secondary courses, the enrollment rate is 76.2%. By field of study, at the undergraduate level, students mainly study Social Sciences (37.7%), Engineering (17.3%) and Humanities (16.2%). At the Master's level, Engineering ranks top at 39.9%, followed by Social Sciences (12.5%) and Sciences (8.5%), and at the doctoral level, Medicine and Dentistry (26.9%), followed by Engineering (18.6%) and Humanities (10.2%). Characteristically, Japanese HE has a large private sector which caters for about three quarters of university students and more than 90% of junior college students. At graduate schools and colleges of technology, a majority of the students are affiliated with national

institutions, but their total number is relatively small. Therefore, private institutions, as well as direct spending of households, are considered to have greatly contributed to the expansion and the massification of HE in Japan, in spite of smaller public spending on the HE sector compared to other OECD countries.⁴

As for the changes over the last five years (2001-2005), the number of universities has increased by 8.5%, while the number of junior colleges has decreased by 14.1% mainly due to their reorganisation or incorporation into universities. The number of colleges of technology has remained almost the same. Since the number of national universities has decreased due to mergers, the increase was brought about by the establishment of local public and private universities including a few institutions established by for-profit companies in the special zones for structural reform. The number of universities with a postgraduate school has also increased by 15.2% (from 494 to 569). Currently, the ratio of postgraduate to undergraduate students is about 10%, and is considered still small, compared to other leading OECD countries (MEXT 2005d). It is often argued that although it has become almost mandatory for the natural science students to go for a higher degree and mobility in employment has been increasing due to some socio-economic changes, under the legacy of traditional labour customs (characterised by life-time employment, job rotation and on-the-job/in-house training), the acquisition of higher degrees does not necessarily mean better opportunities. Having said this, the number of postgraduate students has increased by 17.6%, while the number of students at universities has only increased by 2.4%. As for mature students, their share remains small (about 1%) at the undergraduate level, whilst at the postgraduate level, it has increased from 13.5% to 17.7%. One of the reasons for this is considered to be the institutionalisation of professional graduate schools in 2003. There are 122 professional graduate schools established at 93 universities so far, where mature students account for 46.4% of the total number (MEXT 2005b, d). It is also explained by the increased number of advanced courses (including doctoral programmes), the increased flexibility in admission, curriculum, provision, and collaborative courses with private research institutes, and more generally, the needs of a knowledge-based society and an interest in life-long learning.

Changing environments

As discussed, Japan has a well-developed HE sector and the enrollment rate has reached the universal stage. Most of the institutions are private, and a great majority of new entrants are young, full-time students.⁵ The sector currently faces a number of challenges (Tsuruta 2003a, b, c). The most serious issue is Japan's shrinking and greying population, which is anticipated to cause supply and demand for HE to break even in 2007. Since its peak of around 2 million in 1992, the 18-year-old population has decreased by one third and will be below 1.3 million in 2007. This issue, combined with prolonged economic stagnation, has been seriously affecting the management of less competitive institutions. For example, according to the survey by the Promotion and Mutual Aid Corporation for

Private Schools of Japan in 2005, private universities with a shortage of new entrants accounted for about 30% (160 out of 542 institutions), and for junior colleges, such institutions accounted for 40% (158 out of 383 institutions). It is crucial for each institution to secure a good number of students to survive, and for more competitiveness, to attract the best quality people. Another challenge is the structural reforms led by the government. As condensed in the Toyama Plan (named after the then Education Minister) presented in 2001 (Tsuruta 2003a), several market (quasi-market) principles have been introduced into HE management with more competitive grants, performance-based funding allocation and rigorous external evaluation. Some regard these changes as policy borrowing, following a similar path to that of Anglo-Saxon countries in the 1980s and 1990s, especially the U.K. For more efficient and cost-benefit management, national universities are going through organisational changes since having become independent administrative corporations in 2004. The merger and reorganisation of national universities have also been implemented since 2002. All universities are now required to be more accountable and managerial.

The incorporation of national universities is considered as one of the most drastic reforms since the Meiji era, having brought about intense debate over academic autonomy and freedom as well as over the traditional authority of faculty bodies (Tsuruta 2003a). The reform actually aims to increase each institution's strategic and centralised management under the leadership of the president and the board of directors with the participation of external experts. Institutions are expected to be more autonomous, flexible and distinctive by being independent from the government administrative framework as regards financial, personnel and organisational management (MEXT 2005a). Although the detailed procedures have not been published yet, all national university incorporations will be evaluated by an evaluation committee set up by MEXT (and for their education and research activities, by the National Institute of Academic Degrees and University Evaluation) for their achievement on medium-term (six-year) goals and plans prepared by themselves and set and approved by the Education Minister, and for accountability and transparency, the results will be made public and reflected in the funding allocation for the next medium-term

Recently, the number of selective programmes has also been increasing. Examples include the 21st Century Centre of Excellence (COE) programme, support programmes for distinctive and outstanding education projects and the strategic fund for establishing the international headquarters of universities. Although such programmes are expected to enhance institutional distinctiveness and competitiveness in various fields, it is also anticipated that selective funding may enlarge the gap between individual institutions under the existing stratified structure of Japanese HE. With regard to quality assurance, whereas far more flexibility was introduced into the university chartering system in 2003, it became obligatory for all universities to go through periodical external evaluation by one of the government-authorised accreditation bodies from 2004. Although the evaluation results will not be linked to the funding allocation, they will be made public. A mechanism with an *ex ante* regulation and an *ex post facto* evaluation has now been established (Tsuruta 2003c; MEXT 2005a).

As seen in the world-wide quality debate, the establishment of a domestic quality assurance system is considered a must to provide quality education, make a real entry into the TNHE market and protect learners from domestic and foreign low quality providers.

Major policies and regulations concerning TNHE

Deregulation and quality assurance

Recent HE policies in Japan have been oriented towards deregulation and accountability under the government's neo-liberal reforms. Such deregulation measures include the approval for stock incorporated companies to establish schools in special deregulated business zones according to the local needs for education and research. It is a remarkable change in Japanese HE that for-profit organisations without school juridical persons are allowed to establish and run schools. Three HEIs have been established so far to provide practical and professional education and training. LEC Tokyo Legal Mind University and Accounting School, and the Graduate School of Digital Content were established in 2004, and Kenichi Ohmae Graduate School of Business, the first virtual business graduate school in Japan, was established in 2005. More institutions are expected to be established in the near future. MEXT has also relaxed the regulations concerning the provision of education through e-learning and off-shore branch campuses so that institutions can further develop distinctive activities.

With such deregulation and diversification, quality assurance has become crucial. Together with the liberalisation of educational services, the issue has been discussed by the members of the World Trade Organisation (WTO) under the General Agreement on Trade in Services (GATS). It has been questioned whether education is tradable or not, since education is one of the service sectors which WTO members appear least inclined to liberalise (Larsen et al. 2002). However, HE services have also been argued under four trading modes, namely, cross-border supply (such as e-learning), consumption abroad (such as study abroad), commercial presence (such as foreign branch campuses and off-shore programmes) and the presence of natural persons (such as foreign educators). Japan has proposed partial liberalisation in the education services sector as well as the establishment of measures to assure quality and provide adequate information to protect learners and other stakeholders from low quality or bogus operations (Larsen et al. 2002; Tsuruta 2003b, c). It is anticipated that due to the limited national budgets and demographic change vis-à-vis the massification of HE, institutions will count more on tuition fees as their income sources and that with globalisation, virtual and physical mobility of educational provision will be less controllable. Subsequently, new guidelines for quality provision in cross-border HE have been jointly prepared by UNESCO and the OECD as well as an information tool (draft) on recognised HE institutions (UNESCO 2005).

New policy for people mobility

Student mobility is the most common form of TNHE, comprising a large educational market (Larsen et al. 2002). It has been discussed as consumption abroad (mode 2) under the GATS. About 2.1 million international students studied at HEIs in OECD countries in 2003 (OECD 2005). Anglo-Saxon countries have been the major receivers while Asian countries are the major senders. Ranked the 4th largest sending country (importer) and the 6th largest receiving country (exporter), Japan is grouped into the 'developed nations with a strong domestic capacity but also active as importers' (OECD 2004, p.147). Although student exchange is the main focus here, it should be noted that mobile educators have been also discussed under the trading mode 4 (the presence of natural persons). In Japan, for example, as of May 2005, there are 5,984 foreign faculty members (including 6 presidents and 3 vice presidents) at Japanese HEIs (mainly at universities) (MEXT 2005b). They account for 3.4% of all faculty members in Japan, this level being the same over the past five years. Although the percentage of foreign researchers was even lower at 1.4% in 2002, researcher exchange (especially for a short-period) has been increasing. According to a survey by MEXT (2005g), in 2003, Japanese institutions received 31,922 foreign researchers (an increase of 44.6% since 1999). About half of them were from Asia, a quarter from Europe and the rest were from North America and other countries. As for the outbound exchange, 112,322 Japanese researchers visited foreign institutions in 2003 (19.2% up from 1999). Their destinations tended to be tripartite, Europe, North America and Asia (for longer stay, mainly, Europe and North America).

As for the drivers of student exchange in Japan, political rationales have been emphasised such as official development aid (ODA), the security and peace of the world and an intellectual contribution to the international community. In Japan, all students must pay tuition and other fees to HEIs (including national and public institutions). The same fees are set for international and domestic students but quite a few international students are exempted from the payment of all or part of them. Therefore, receiving foreign students (exporting) is not necessarily considered as revenue-generation in Japan. However, in the shrinking domestic market, more institutional initiatives to recruit international students and to establish overseas offices have been seen (Tsuruta 2005a). Some of the general reforms in Japan have also encouraged the receiving of more international students (MEXT 2005e). The reforms include the diversification of admission systems with selection procedures other than traditional entrance examinations and a more flexible academic calendar with a two-semester system (at more than 80% of Japanese universities in 2003) and non-April (autumnal) matriculation (at 269 undergraduate and 378 postgraduate schools). Regarding the language, although the major medium of instruction is Japanese, English-medium teaching has also been introduced into the classroom. As well as short-term study programmes (at 28 national and 31 private universities with non-degree undergraduate courses in 2003) and postgraduate degree programmes (at 43 institutions with 74 Master's or doctoral courses) in English for international students, foreign language medium

classes have been gradually introduced into the regular courses (at 306 universities). As well as Japanese language teaching to international students, it has become regarded as important to use English or other foreign languages for communication purposes in ordinary classes.

The Nakasone Plan of 1983 is considered to be the most influential policy for student exchange in post-war Japan. The plan (named after the then Prime Minister) set a target to increase the number of international students in Japan to 100,000 by the 21st century. By facilitating student exchange, it aimed to enhance the standard of education and research, to foster the spirit of international understanding and cooperation, and to contribute to human resource development. In addition, backed up by concerns expressed over the small number of international students in Japan (10,428 in 1983) compared to other leading OECD countries, comprehensive policies were recommended to open up Japanese universities to the world. Since then, several reports and measures have been presented to acknowledge the significance of student exchange and to improve the academic, administrative and overall support systems (including admission and immigration procedures). Accordingly, the number of international students has shown a steady growth except for the latter half of the 1990s (this being due to temporary tightened immigration controls and the Asian currency crisis) and attained the target in 2003. According to the Japan Association for Student Support Organisation (JASSO 2005b), 121,812 international students studied at Japanese universities and colleges (including specialised training colleges) in 2005, and 35,379 students studied at Japanese language educational institutions in 2004. The number of Japanese students who studied at 33 major countries was reported as 79,455 in 2002, quadrupling the number of those who studied abroad in 1983 (18,066).

According to the new report 'Development of New Policies for International Student Exchanges' by the Central Council of Education (CCE) of 2003, it is expected that international student exchange will be further facilitated and that each institution will have to take the initiative to prepare proactive and comprehensive international strategies. At the same time, with the increasing number of international students, concerns have been raised about reported cases of declining academic performance, and illegal work and remainders, and the need for securing quality is thus being emphasised as well as improved support and administrative systems (for admission, guidance on education and research and enrollment management). The report also states the importance of mutuality in exchanges and the need of more support for Japanese students to study abroad (CCE 2003). It also acknowledged the instrumental role of student exchange in promoting mutual understanding and human networks, the internationalisation of Japanese students and open and vigorous societies, the internationalisation and competitiveness of Japanese universities, and Japan's intellectual contribution to the international community.

New policy for programme and institution mobility

Programme and institution mobility have been discussed under the GATS's mode 3 and there have

been diverse courses provided by HEIs worldwide. In Japan, compared to student exchange, other forms of TNHE have not yet been well developed. However, this situation has gradually been changing in accordance with the recent deregulation measures. It is considered that globalisation and advanced ICT should facilitate the external operations of Japanese universities. E-learning through the Internet, for example, has been recognised since 2001, including off-shore off-campus (distance) education provision. More recently, the treatment of off-shore on-campus educational provision has also become more flexible, following the summary report 'Quality Assurance of Universities Providing Education Across National Borders' by a study and research collaborators' group on quality assurance of international universities (MEXT 2004).

As for off-shore on-campus education provision, Japanese regulations used to strictly observe the territorial principle (Ohmori 2004). For example, in order for a foreign university's branch campus to be recognised as an HEI in Japan, it must be established as an institution which meets standards under the Japanese chartering system. There are a number of foreign institutions providing educational services in Japan, but none of them have been recognised as HEIs under the Japanese educational framework. Their education provision in Japan (even though validated by their home institutions) was not treated as being equivalent to that of their home institutions, either. The Japanese institutions providing educational services (including locally validated degree courses) outside Japan were not recognised within the Japanese educational framework. Although some of them provided education which could be counted as a part of the degree programmes of their home institutions in Japan, entire off-shore degree programmes by Japanese universities were not validated under the Japanese educational system. The principle was simple but against the facilitation of TNHE and caused contradiction, namely, competition between territorial jurisdiction and academic jurisdiction.

The above-mentioned report firstly proposed the recognition of off-shore educational services by Japanese HEIs under the Japanese educational system and the application of the national quality assurance system to them. Moreover, it proposed that educational services by foreign institutions' branch campuses in Japan should be treated as equivalent to those provided by their home institutions outside Japan (MEXT 2004). Accordingly, the revision of ministerial ordinances in late 2004 (effective from December 2004 for foreign institutions and from April 2005 for Japanese institutions)⁶ has enabled a Japanese university to establish its school, department or other organisation outside Japan in order to provide there a whole or part of its educational programme leading to a degree. The off-shore institution should meet the university establishment standards and stipulate the capacity, and its degree should be the same kind of degree which has been conferred at the home institution in Japan in terms of level and field. As for branch campuses of foreign institutions in Japan, their education provision (a degree or credit) may be recognised as being equivalent to that of their home institutions under certain conditions. In order for them to be designated by the Education Minister as foreign institutions' Japan branches, their establishment and educational programmes must be authorised as

part of their home institutions in their original countries and their degrees and credits must be equivalent to those of their home institutions. They must be recognised in Japan as educational institutions with courses of foreign universities, postgraduate schools or junior colleges validated under the school education system and/or by *bona fide* licensing/accrediting bodies of their original countries. Such designation will benefit not only the institutions but also their students in many ways. The students, for example, will be given an official endorsement for accessing Japanese HEIs (with the eligibility for the admission to higher degree courses or transfer, if they wish). Temple University Japan (TUI) was the first to be designated by the Education Minister as a foreign university Japan branch in 2005, and Waseda University will be the first to run an off-shore degree course, in collaboration with Nanyang Technological University (NTU) in Singapore from 2006.

Secondly, the report suggested that although the current e-learning provision in Japan was underdeveloped, there would be strong potential for Japanese universities to participate in the international market bearing in mind its advanced ICT and contents production capacities. Showing its concerns with an uncontrollable influx of various on-line programmes of foreign providers, it also pointed out the need to establish a quality assurance mechanism. In Japan, the provision of TNHE through e-learning, both inbound and outbound, has already been authorised. Following the recommendation 'Higher Education in the Globalisation Era' by the University Council (2000), ministerial ordinances were revised in 2001 to facilitate more e-learning. The Internet was recognised as a medium of providing distance courses and enabling students to access classes on demand, namely, at any time and from any place. The number of credits to be earned through e-learning was also increased. For undergraduate study, for example, a maximum of 60 credits (out of 124 credits leading to a bachelor's degree in general) can be earned through distance classes, and in case of correspondence course, up to 124. This means that students undertaking correspondence courses can earn a degree solely through e-learning, regardless of their location. There are also some graduate schools established to provide education solely through media classes (using the Internet) in place of face-to-face classes. Moreover, Japanese universities may provide education to students living in foreign countries through e-learning. Similarly, the provision of locally-validated e-learning programmes of foreign universities to the students at Japanese universities can be credited into their courses. When students in Japan have duly completed locally-validated correspondence degree programmes of foreign universities, they are qualified for the admission to the Japanese graduate schools. As discussed later, e-learning provision or credit transfer is not yet well developed in Japan. However, it is clear that the number of virtual programmes has been increasing, and that there is greater awareness of quality assurance. That is the third point that the report mentioned, emphasising adequate information provision by establishing national and supra-national information networks of HE degrees and quality assurance.

Current situations and issues of TNHE

People mobility

For the first quarter of the century, the number of students enrolled with HEIs worldwide is expected to increase from 78 million to 263 million, and the number of international students to increase from 1.8 million to 7.2 million (IDP 2002). It is also expected that the share of Asian students will increase from 40% to 70% by 2025. With a large potential rise in terms of both economics and population, the region has been regarded as a target for recruiting students and for developing various TNHE programmes (OECD 2004). Student exchange is the major form of TNHE in Japan, too. Through a stagnant period for the latter half of the 1990s, in line with the subsequent relaxation of immigration regulations and economic growth in Asia (especially in China), the number has shown a remarkable rise over the past five years. Institutional initiatives are also considered to have contributed to the increase, such as active student recruitment due to the shrinking domestic market and an increasing demand for HE in Asian countries (CCE 2003). As of May 2005, there were 121,812 international students studying in Japan. Their majority were degree-seeking students, and 5.5% were short-term (3-12 months) exchange students under the institutional agreements (JASSO 2005b). Three quarters of international students were studying at universities (50.2% at undergraduate schools and 24.9% at postgraduate schools). They accounted for 2.3% of the total undergraduate students and 11.9% of the total postgraduate students in Japan. As for the remaining quarter of students, 20.7% were studying on specialised training colleges specialised courses, 2.5% at junior colleges, 0.4% at colleges of technology and 1.3% on university preparatory courses. As of July 2004, there were also 35,379 students studying Japanese at 403 language institutes (JASSO 2005a).

Over the past five years (2001-2005), the number of international students has increased by 54.6% (from 78,812 to 121,812), in particular the number of university undergraduate and specialised training college students (JASSO 2005a, b). In 2005, students were mainly from China (66.2%), Korea (12.8%) and Taiwan (3.4%), showing the same ranking over the period. The numbers of Chinese students and Vietnamese students have increased by more than 80% since 2001. Although the share of Vietnamese students is small (1.4%), it ranked fifth after Malaysia (1.7%) in 2005. As for the short-term exchange, the number has moderately increased by 15.3% (from 5,834 to 6,727).⁷ By source of funding, the Japanese government scholarship students accounted for 8.1% and the foreign government scholarship students for 1.6% in 2005. Postgraduate and Engineering students are seen as more likely to receive Japanese government scholarships. Privately financed students (especially from China) account for 90.3%, and their number has increased by 61.2% since 2001. By field of study, the largest share was taken by Social Sciences (36.5%), followed by Humanities (22.7%) and Engineering (14.6%) in 2005. This ranking has not changed, but, in particular, the

number of Social Sciences students has increased. As for the rationales for study abroad, the survey conducted by the Ministry of Internal Affairs and Communications (MIC) in 2003 indicates that the major purposes of the international students coming to Japan are language study and interest in Japanese culture, followed by study of Japan's science and technology (including humanities and social sciences), acquiring degrees and learning about Japanese politics, economy, society, culture and arts. Most students also reported being satisfied with their academic environments. Faculty and staff consider international students to contribute to cross-cultural understanding and the internationalisation of Japanese students, although they are concerned about the trend of their declining academic performances (MIC 2005).

The number of Japanese students studying at foreign HEIs has also been increasing. In 2002, there were 79,455, showing an increase of 23.6% over the preceding five years (MEXT 2001, 2005c). Their major destinations were the U.S. (57.8%), followed by China (20.2%), U.K. (7.2%), Australia (4.1%) and Germany (2.9%). The number of Japanese students studying in the U.S. has slightly decreased, while the number of the students going to China and other English speaking countries, in particular Australia, has increased. One of the reasons for the declining trend in the number of students (not only from Japan but also from other countries) in the U.S. is considered to be the concern over the recent security (and for some countries, political) issues and tightened immigration procedures. China has shown a rapid economic growth and become one of the largest trading partners with Japan. The number of Japanese students studying Chinese language at universities and upper secondary schools (as the second most popular language after English) has been increasing, together with the institutional agreements and programmes of study in China. It should also be noted that according to the statistics of the Ministry of Justice, the number of Japanese who left Japan for the purposes of study and training is much larger (for example, 186,827 in 1999). The majority spend a short period abroad (less than two months) and the number of such students has rapidly increased since the mid-1980s. Through the short-term programmes, students can experience study-abroad without suspension (or as part) of their study or research at their home institutions. The follow-up survey conducted in 2005 by JASSO (2005c) on the Japanese who experienced study-abroad over the past 15 years also indicates that the majority spent less than one year (18.5% for less than 3 months, 8.9% for 3-6 months and 21.6% for 6-12 months) and were privately funded. The major purposes and benefits of their study-abroad were language study, broadening their view and socio-cultural experience and related skills, and the majority reported being satisfied with their experiences. Their major destinations were the U.S., followed by the U.K., Canada, Australia and China, and more than two thirds of them studied in English-speaking countries.

There are a number of characteristics of student exchange in Japan. First is the unbalance in study-abroad destinations. Major sending countries are China followed by Korea and Taiwan, while the major destinations of Japanese students are the U.S. followed by China and the U.K. Over the past five years, the top three countries have remained the same, and bilateral exchange with China has

been expanding. By region, Asian students account for 93.3% and the remaining small share comprises European students (2.5%) and North American students (1.5%) in 2005. As for the outbound students, the major destinations were North America (59.7%), followed by Asia (21.8%) and Europe (13.7%) in 2002. The US, with the largest number of HEIs, has a strong magnet in the world-wide market and China, with the largest population, sends the largest number of students.

Secondly, the number of short-term exchange students is relatively small (5,800 incoming and 5,264 outgoing students in fiscal 2004), compared to the number of institutional agreements (11,292 in 2004).⁸ Credit transfer with foreign institutions is not yet a widespread practice in Japan, either. About 30% of the agreements stipulate credit transfer, and MEXT has been encouraging recognition of studies abroad between home and host institutions under the short-term student exchange programme, as well as supporting the University Mobility in Asia and the Pacific (UMAP) Credit Transfer Scheme (UCTS) which is compatible with the European Credit Transfer System (ECTS). In Japan, however, credit transfer has been facilitated with more domestic universities than foreign universities. According to MEXT (2005e), in 2003 there were 23,057 students with their studies at other universities recognised at their home universities in Japan. Among them, the majority studied at other domestic universities and had their studies recognised at the home institutions. Only 2,931 students (12.7%) had their studies at foreign universities recognised at home institutions, and their number has not increased from the preceding years. A number of reasons have been considered for this which concern the level of language proficiency of Japanese students (to enroll in regular subjects and earn credits at host institutions), purposes of their study abroad, status and treatment of their absence from home institutions, relevance to the curriculum, system and requirements at home institutions, arrangement between host and home institutions and so on. As seen in the Regional UNESCO conventions and the recent European education policies, recognition is a priority in enhancing mobility and attractiveness of HE, and therefore, it is expected to be better facilitated in Japan (Tsuruta 2005b).

Thirdly, most of the student exchange budget has been allocated for international students. As discussed earlier, the national policy has set a priority on accepting them under the ODA as part of its international intellectual contribution. Out of the total budget related to international exchange under MEXT (about 121 billion yen for the fiscal 2005), the student exchange budget accounts for nearly 40% (47.1 billion yen). A great majority of the budget is allocated for foreign students and related activities, and only 6.7% of the budget for mutual student exchange (MEXT 2005c). Even under the mutual exchange budget, for example, 1,950 scholarships were prepared for inbound exchange students under the Short-term Student Exchange Promotion Programme, while 665 scholarships were for outbound students. The percentage of the Japanese government scholarship students has been decreasing but is still high (8.1%) compared to other leading OECD countries (for example, the ratio of government scholarship students to the total international students in 2002 was 0.5% in the U.S., 1.7% in the U.K., 2.6% in Germany, 5.6% in France), and a considerable number of privately financed

students receive subsidies by the Japanese government through honours scholarships, tuition fee reductions or exemptions and medical fee reimbursement (MEXT 2005c). Considering the high living cost in Japan, the government also permits these students to engage in part-time work under certain conditions. As recommended by the CCE, to promote mutual exchange and support more Japanese students seeking degrees at foreign HEIs the Long-term Study Abroad Programme has recently been launched, together with a new scholarship loan programme. Since the majority of Japanese students studying abroad are self-financed, such individual support programmes are expected to increase further.

Programme mobility

Several official papers including the CCE's recent report 'Graduate School Education for the New Era' (CCE 2005) recommend the development of joint or double degree programmes. Through interdisciplinary and integrated study, students are expected to acquire a broader knowledge with more flexible thinking. As of October 2004, there were 11,292 bilateral and 15 consortium agreements to implement student and faculty exchange and collaborative programmes. 60 bilateral agreements included the development of a joint programme to be provided at the home or the host institution as part of the regular curriculum for one term or more (MEXT 2005f). As well as student mobility and curriculum development, e-learning has been encouraged as an effective tool to meet students' various needs and to facilitate credit transfer. MEXT has introduced a number of programmes to support such institutional initiatives through competitive funding. They include the Support Programme for Distinctive University Education, the Support Programme for Contemporary Education Needs, as well as the Support for Strategic International Alliance and the Support for Overseas Advanced Educational Practice under the University Education Internationalisation Promotion Programme.

E-Learning

In line with a growing number of global providers and the on-line distance education market, e-learning has been discussed as cross-border supply (mode 1) under the GATS. Worldwide examples are the University of Phoenix with its parent Apollo Group (Phoenix Online) in the U.S., the Open University in the U.K. and a number of dual mode universities in Australia, which have been facilitating this resource-based, student-centred form of learning. These programmes have been developed in collaboration with local centres or institutions, taking advantage of the convenience of virtuality (flexibility) and the benefits of on-the-ground contact (communication) (Jones 2003). Although Japan has little unmet demand for HE, a number of institutions (including for-profit companies) provide educational programmes through e-learning, in particular, business and professional postgraduate education such as MBA programmes provided by Business Breakthrough (Japan) in collaboration with Bond University (Australia), and Globis (Japan) in collaboration with the

University of Leicester (U.K.), and some institutions offer Internet sites in Japanese such as the University of Wales (U.K.) to recruit Japanese students for their MBA programmes with both on-line and on-site schooling courses. It has not been clarified yet to what extent such programmes can replace or complement face-to-face traditional education (OECD 2004) or whether such additional qualifications will carry much weight in Japan. However, education provision has been increasingly flexible and diversifying through ICT, especially the Internet.

In Japan, the introduction of 'e-learning' into the classroom has been encouraged as one of several multi-media instruction tools. The term 'e-learning' is more generally used as education and training using ICT or IT and is expected to enrich the content and process of teaching and learning. The government has been actively facilitated ICT under the e-Japan Strategy over the past five years and accordingly, the number of users has rapidly increased and infrastructures have attained the world forefront. Recognising the need of its further facilitation and expertise, the government presented the New IT Reform Strategy in 2006 in line with the structural reform. It sets a number of goals and action plans which include the development of training programmes and teaching materials at universities in collaboration with the government and industry by 2007 and more than doubling the ratio of undergraduate and postgraduate schools which provide distance education using ICT such as the Internet by 2010. The Post-2005 IT Strategy presented by MEXT has also been supporting the institutional initiative of facilitating e-learning in HE,⁹ as well as reaffirming the importance of the comprehensive promotion of IT in formal, non-formal and informal education (MEXT 2005h). As discussed earlier, the provision of TNHE through e-learning has already been recognised in Japan and students in correspondence courses can earn a degree solely through e-learning by Internet. Several universities have already established such correspondence courses including Internet schooling (for example, Waseda University, Yashima Gakuen University and the University of Human Arts and Sciences). A 100% virtual professional graduate school has also been established (Kenichi Ohmae Graduate School of Business). Although the number of students on correspondence courses is small,¹⁰ newly established correspondence programmes have been increasingly introducing on-demand education provision using the Internet, together with interactive communication devices, replacing the traditional mail and broadcasting modes.

According to MEXT (2005h), the number of undergraduate and postgraduate schools providing distance education using IT increased from 105 in 2001 to 166 in 2003 (and is expected to attain 300 by the end of the 2005 academic year in accordance with the e-Japan Strategy). In 2003, 18 universities provided open distance lectures via satellite and 80 universities offered distance learning subjects interactive with other institutions. Compared to the number of facilities installed at universities, however, these figures are conservative. For instance, there were 215 universities installed with a ground communication system, 119 universities with a satellite communication system and 161 universities with relevant support centres in 2003. Two thirds of the universities with a satellite system are national institutions.

As the annual survey by the National Institute of Multimedia Education (NIME) shows, the Internet (non-synchronous) has been increasingly used as a medium of education rather than ground or satellite communication systems (synchronous) (NIME 2005a). The main users of satellite communication have been national universities' institutions and colleges of technology with relevant facilities and expertise. The public and private university's institutions and junior colleges used more ground communication than satellite, and most of them indicated they had no future plans to provide education via satellite.

Another survey conducted by NIME (2005b) reports that the numbers of undergraduate institutions, course subjects and students are small, and for distance education, the available classes are further limited. Among 287 respondents (undergraduate schools), there were 93 institutions providing e-learning classes in 2003. Out of them, 82% of national institutions offered 1-3 subjects. 27% of national institutions and 17% of private institutions had less than 50 students. The results hardly show that e-learning is prevailing at undergraduate schools in Japan. As for credit transfer through e-learning, more than half of the respondents indicated no plan for implementation. Such credit transfer with foreign institutions was implemented by only 1.9% and planned by 0.8%. With domestic institutions, it was implemented by 3.5% and planned by 5.1%. It was reported that more than 70% of the respondents had no plan to provide distance education to their students outside Japan and that only 2.0% provided and 1.6% planned to do so. It was also shown that two thirds had no plan to open their classes or sell them to the public, showing little commercial interest. Although it is considered that e-learning has been introduced into classes as one of several innovative and supplementary tools in Japan, it has not been developed as an alternative mode of educational provision at undergraduate schools which mainly cater for full-time regular students.

Quite a few institutions, however, have shown various initiatives. For example, modeled on the OpenCourseWare (OCW) of the Massachusetts Institute of Technology, Japan OCW Alliance was established by Keio University, Kyoto University, Osaka University, Tokyo Institute of Technology (Tokyo Tech), the University of Tokyo and Waseda University in 2005. These institutions started to offer syllabi, lecture information and materials through the Internet free of charge, aiming to enhance institutional brand images, contribute to the development of world-class education and to strengthen linkages and networks with institutions, faculty members, students and other stakeholders. Another initiative is the collaboration with other institutions in Asia to develop and provide education to students via satellite. Based upon an agreement with the National Science and Technology Development Agency (NSTDA), Tokyo Tech launched a trial distance education of graduate programmes via the international communication satellite in 2002 (Tokyo Tech homepage). In this connection, an overseas branch office was opened in the Thailand Science Park for coordinating and monitoring such lecture provision and developing joint programmes with local institutions. Some of the lectures taught in English at Tokyo Tech have been transmitted via satellite and the Internet to the Asian Institute of Technology (AIT) and King Mongkut's Institute of Technology (KMUTL).

Students may earn credits at local universities by attending these lectures. In 2005, another branch office was established on the campus of De La Salle University in Manila, Philippines with similar missions. The project is in a pilot phase and is small scale, but has great potential to evolve into various forms of TNHE using advanced ICT.

Waseda University has also been actively facilitating e-learning (Waseda University homepage). For example, the Cross-Cultural Distance Learning (CCDL) system was launched and a pilot class was conducted with Korea University in 1999. The system enabled students at both universities to communicate in English in real time through the Internet, and is currently joined by about 60 sister institutions. Waseda has also opened a new correspondence course (e-school) leading to a degree at the School of Human Sciences in 2003. It provides courses which enable students (the main targets being adult students, including residents outside Japan) to study and earn all credits through the Internet. A more recent project is the Forum for On-demand Lecture Circulation (FOLC). Quite a few Japanese institutions (including Waseda University) contribute their classes to the forum so that the students can choose and access the class on-demand through the Internet and join interactive discussions to earn credits (FOLC homepage). These examples are only part of the new initiative taken by Japanese universities alone or in collaboration with other institutions including private companies.

Collaborative programmes

In Japan, joint degree arrangements have been developed since late 1980s and private institutions seem to be the front-runners in developing diverse and unique international programmes. In 2003, there were 10 private universities with an established joint-degree system and 72 universities (25 national, 3 public and 44 private institutions) under consideration (MEXT 2005e). According to MEXT and university homepages, at least 20 institutions run joint-degree programmes including those launched more than 10 years ago (such as Kansai Gaidai University, Ritsumeikan University, Kibi International University and Tokai University). At the early stage in their development, most of the programmes were developed for Japanese students to study for another degree mainly in the U.S., but later, inbound and mutual programmes were developed in collaboration with foreign (including European and Asian) institutions. More recently, national universities have launched programmes with Asian universities (for example, Tohoku University, Tokyo Tech, Nagaoka University of Technology (NUT) and Tottori University). Public universities are also planning to develop programmes (for example, Akita International University). A number of these initiatives were selected for funding under the MEXT's University Education Internationalisation Promotion Program (Support for Strategic International Alliance).

Twinning programmes, as a form of TNHE, are characterised by student mobility and split-site education (usually leading to a degree from a host institution). Compared to individual study abroad, this type of arrangement obviously needs more budget, preparation and committed staff, but there are a

number of advantages through such arrangement, namely, a smoother access to the host institution, an increased chance of earning the degree, reduced time and cost for the total period of study, more effective provision of education, contents and curricula more relevant to the needs and systems of both countries (therefore preventing brain drain), the internationalisation of students, faculty and institutions and more readiness for study-abroad (Takahashi 2002; Asia SEED homepage; SIT homepage). Twinning programmes have been seen in South East Asian countries, in particular, in Malaysia since early 1980s. Due to unmet domestic needs for HE, various arrangements have been developed in collaboration with HEIs of Western countries (mainly Anglo-Saxon countries). In line with the Look East Policy, Japanese HEIs have also been receiving many Malaysian students through various education and training programmes, including linkage programmes under the Higher Education Loan Fund Project (HELP) funded by yen loan.

In 1992, the first phase of a five-year project (HELP I) was launched by the Malaysian government to provide students in science and engineering with university preparatory education and send them to Japan. In 1993, as a locally accredited educational institution, the Japanese Matriculation Centre (JMC) was established at Maktab Yayasan Pelajaran MARA (YPM College) in Bangi providing a two-year course to prepare for the entrance examinations of Japanese universities. Shibaura Institute of Technology (SIT) and Takushoku University cooperated with the project by sending instructors to the JMC and preparing for the second phase in collaboration with a Japanese consultant, Asia Science and Education for Economic Development Institute (Asia SEED). Under HELP I, about 310 students studied at Japanese universities (JBIC and SIT homepages). The second phase of the project (HELP II) started in 1999, and featured a twinning arrangement. The Japanese Associate Degree (JAD) Programme was established at YPM College to provide one-year preparatory and one-year university education so that students could sit for the transfer examination to enter Japanese universities from the second year. In order to run the project, 13 Japanese private universities and Asia SEED have established the Japan-Malaysia Consortium for HE and concluded a memorandum of understanding with YPM. The curriculum syllabus was jointly developed by the consortium, and the project has been coordinated by Asia SEED and the Japan Bank for International Cooperation (JBIC). The consortium was expected to reinforce the receiving capacity of Japanese universities and to allow students to choose suitable institutions at which to apply for an admission. Regular meetings were held to discuss operations including instructors (local and expatriate), student tutor, teaching method, e-learning, access and transfer to the host institutions and monitoring. The project has also been supported by MEXT, as well as 19 national universities as associate members of the consortium to receive the students (Asia SEED homepage). Under HELP II, about 280 students benefited from the scheme, including those advancing to graduate schools and who were employed by Japanese companies, and in 2005, the last student group completed the programme in Malaysia and transferred to Japanese universities. The JAD programme is generally considered a success under the framework of ODA¹¹ and is now expected to develop into a self-sustainable and more general project.

A new phase of the project (HELP III) has been launched with a more ambitious scheme to provide two-year university education in Malaysia so that students can be transferred to Japanese universities from the third year, and it is therefore intended to be more challenging in terms of academic quality and effectiveness.

Another example of collaboration is a combination of twinning and double-degree arrangements called the Japan-Vietnam Twinning Program between NUT and Hanoi University of Technology (HUT) (NUT homepage). It is the first twinning programme run by a Japanese national university and officially recognised by the Vietnamese government. In 2005, the first group of students passed the transfer examination and entered NUT as third-year students, having completed the two-and-a-half year's study at HUT. Upon the successful completion of the twinning programme, the students will be awarded a bachelor's degree in engineering from both NUT and HUT. This programme is expected to be developed into the consortium-to-consortium arrangement. As another case of such unique programme development, SIT also intends to launch a new 'Hybrid Twinning Programme' in collaboration with plural partner institutions in South East Asia leading to both Master's and doctoral degrees (SIT Homepage).

Not only one-way arrangements but also mutual arrangements have been seen in double-degree programmes. For example, in 2004, Tokyo Tech launched a double-degree postgraduate programme in collaboration with Tsinghua University (China) (Tokyo Tech homepage). The courses were offered in nanotechnology and biotechnology at the Master's level and from 2005, also in social science and at the doctoral level. Students enroll and study at Tokyo Tech and Tsinghua University in Japanese and Chinese (and if necessary, in English) and obtain a Master's degree from both institutions. Another example is the very first programme to be an off-shore degree course validated under the Japanese education system. Waseda University will launch the Double MBA programme in Management of Technology Programme in collaboration with Singapore's NTU in 2006 (Waseda University homepage). The curriculum has been jointly developed by two institutions, and students will study in English at NTU for one year except for a three-week field study in Japan. Upon the successful completion of the programme, students will be awarded two Masters degrees. Waseda also has a double-degree (undergraduate) programme with Peking University and Fudan University in China. Although seen as latecomers to the TNHE market, many other Japanese universities have been developing various linkage and outreach activities.

Provider mobility

As discussed, except for virtual provision, there has been no physical presence of providers offering off-shore on-campus degree programmes under the Japanese educational system. A number of institutions offer locally validated degree courses (such as Soka University of America, Hawaii Tokai International College and Toyota Technological Institute at Chicago) but these are regarded as

non-Japanese institutions. The branch campuses of foreign universities in Japan are not recognised as Japanese universities unless they are established as universities under the Japanese chartering system. Until now, there have been no such establishments. However, the recent policy change has facilitated a break-through in such situations.

According to MEXT (2005f), there were 170 overseas branch offices established by 64 Japanese institutions¹² in 2004. There were only 12 offices in 1984, and in two decades, the number of branch offices has shown a remarkable growth. In particular, a majority of them have been established over the past five years. Half of them are located in Asia, and the rest are located in North America and Europe. The major host countries are the U.S., followed by China, Thailand, Korea and Indonesia. As overseas liaison offices, their main functions used to be to provide information and educational and research services to the students and faculty members of the home universities in Japan. Recently, they include student recruitment, academic and industry collaboration and the provision of independent or collaborative programmes on site. More funding opportunities are also expected. While national and public universities tend to place more emphasis on research, private universities tend to place more emphasis on student recruitment and services with more full-time staff and educational and administration facilities.

Foreign institutions' branch campuses in Japan have been discussed by various stakeholders in relation to their rise and fall in the 1980s and 1990s (Chambers and Cummings 1990; Fukurai and Kataoka 1994). It is considered that there were more than 60 institutions named branch campuses (Inoue 1994) including the establishment of about 40 campuses by the U.S. institutions from mid-1980s to early 1990s (Torii 2005). These institutions were established as educational provision for American expatriates at local satellite campuses (such as military bases), for the facilitation of (junior) study abroad, for regional or independent study of American students and faculty members, as educational provision for Japanese students (for example, quasi-study-abroad and English-speaking environments and bridging programmes) and for for-profit purposes for both foreign institutions and the Japanese partners before the burst of the bubble economy. Foreign institutions were also expected to provide Japanese students with alternative routes to access post-secondary education without going through 'examination hell' at its worst when the increasing 18-year-old population peaked in 1992. For local communities, the invitation of foreign institutions was expected to revitalise the local economy. Such invitations (importing educational service from the U.S.) were also considered to be a remedy for soothing the bilateral trade imbalance (Inoue 1994).

Despite high expectations, many of the foreign branch campuses were, however, closed by the mid-1990s. In contrast, it should be noted that it has been extremely rare to see Japanese HEIs close down. Various reasons have been pointed out such as the lack of budget, students, partnership and expertise on Japanese HE environments, the academic and language issues and socio-economic changes in Japan. Besides, none of them had acquired the status of HEI in Japan due to the difficulty in meeting the establishment standards or in order to preserve their own academic authenticity and the

systems of the home institutions (*The Japan Times* 2003; Torii 2005). Under the territorial principle in Japan, their educational provision was not regarded as being equivalent to that of their home institutions, either. It was problematic for the students at branch campuses wishing to transfer or advance to the Japanese HEIs in that the degree or credit earned at branch campuses (even when validated by their home institutions) was not officially recognised in Japan.

Recently, certain changes have been seen in such environments. Firstly, the chartering system has become much more flexible with more simplified establishment regulations. Secondly, special measures have been established in the special zones for structural reform to enable private companies to establish schools and to relax the conditions on self-ownership of school estate and buildings. Thirdly, the recent amendment of the ministerial ordinances has provided another option for foreign institutions' branch campuses. By being designated as foreign university Japan branches, they will have their degrees and credits recognised as equivalent to those of their home institutions. TUJ, established as the first American university branch in Japan in 1982, offers various degree courses and continuing education and training, and became the first such institution designated by the Minister of Education in February 2005 (TUJ homepage). Some other institutions have applied for such designation. For example, Carnegie Mellon CyLab Japan which was established in 2005 in collaboration with Hyogo Prefectural Government to offer a course for Master of Science in Information Technology – Information Security, and Lakeland College Japan which has offered a US accredited two-year Associate of Arts degree since 1991 were designated as Japan branches of foreign HEIs in December 2005. Currently, a number of courses (including postgraduate and professional degree programmes) validated by foreign educational systems and/or *bona fide* accreditation bodies are also being provided in Japan. They include well-recognised MBA courses targeting business people who are staying (or wish to study) in Tokyo regardless of their nationality, such as the McGill MBA Japan programme at the site of Sophia University (Japan) provided by McGill University (Canada), and International (Tri-Continent) MBA with a summer session at TUJ provided by the Fox School of Temple University (U.S.) in collaboration with Ecole National des Points et Chaussées School of International Management (France) and the Welingkar Institute of Management (India). The institutions of foreign countries other than the U.S. also run degree programmes and some of them offer unique specialisation such as RMIT University Chiropractic-Unit Japan of the Royal Melbourne Institute of Technology (Australia) and Beijing University of Chinese Medicine (China). The recent deregulation measures are expected to give more incentives to foreign quality providers to develop distinctive programmes in the Japanese HE market.

Implications of TNHE on Japanese HE

As previously discussed, a series of deregulation measures in Japanese HE, as well as globalisation, are expected to further facilitate TNHE involving various educational providers, delivery modes and

programme development. In increasingly diverse and multicultural environments, more attention has been given to quality assurance, recognition (transferability and certification) and transparency (information provision) as elsewhere. What are the implications of these changes, then? How such TNHE provision is actually influencing Japanese HE? While a number of questions may arise, it is considered too premature to give straight answers to them at this stage because of the ongoing changes with newly emerging institutional activities and because of the relative paucity of aggregated, systematic data and resources in this field. However, considering the relentless and accelerating speed of transition, this paper attempts to summarise the status quo and some implications for the future based upon the preceding discussions.

First, student exchange is a major form of TNHE in Japan. As the OECD indicates, Japan has a strong domestic capacity in HE but is also active as an importer. There are more than 120,000 international students studying in Japan and a majority of them are degree-seeking students from other Asian countries. Nearly 80,000 Japanese students studied at foreign HEIs in 2002 and most of them are non-degree seeking students going to English-speaking countries. Under the ODA budget, international students are better supported by the Japanese government compared to Japanese students studying abroad. Although the number of international students is affected by immigration control measures and other political and socio-economic factors, this number is expected to grow in line with increasing flexibility in the admission system, academic calendar, curriculum and provision. As well as quantity, quality is being emphasised in relation to the academic performance of international students. For mutual exchange, more Japanese students are being encouraged to study abroad through more support from the government. As for recognition, as opposed to the increasing numbers of institutional agreements and the institutions with credit transfer systems, credit transfer with foreign institutions is not widespread and more Japanese students study abroad for language learning and socio-cultural experience.

The rationales for student exchange at the national level are a combination of academic, political and socio-cultural aspects with more emphasis placed on political concerns such as intellectual contribution, mutual understanding and security, and the internationalisation of Japanese universities and societies. Although few economic rationales have been articulated, with the onset of a shrinking domestic market and globalisation, more institutional initiatives have been seen to promote student recruitment and outreach activities, as well as to prepare comprehensive strategies for internationalisation. Although the national policy has not shifted from 'aid' to 'trade', the 'aid and trade' approach has been taken up by institutions. In such a context, student mobility is expected to increase further through traditional exchange and through new linkage programmes such as twinning and double-degree programmes. At the same time, separate strategies will be necessary for diverse exchanges with different purposes and forms.

Secondly, although TNHE activities other than student exchange have not yet been well developed, the situation has gradually been changing in accordance with recent deregulation measures as well as

institutional initiatives. E-learning through the Internet has been recognised since 2001, including off-shore off-campus educational provision and more recently, the treatment of off-shore on-campus educational provision has become more flexible. This policy change enables Japanese universities to establish their institutions outside Japan to provide off-shore degree programmes validated under the Japanese educational system. It also recognises degrees and credits granted by designated foreign institutions' Japan branches equivalent to those of their home institutions outside Japan. Moreover, such institutions still have the option to become local HEIs validated under the local educational systems. Branch campuses are generally expected to contribute to the internationalisation and diversification of HE, student and faculty exchange and the enhancement of academic quality. Having said this, they are faced with both opportunities and challenges. Since providing off-shore programmes validated under the Japanese educational framework is linked to the brand image of Japanese HEIs, due consideration of local needs and HE contexts, as well as quality assurance, is necessary. The past experiences of branch campuses of foreign institutions show that it is not so easy to enter into the well-developed Japanese HE sector which has an established stratified structure and little unmet demand in terms of quantity. However, as seen in some successful cases and new providers, it is possible to be more competitive and original in meeting the unmet or new demands for higher and continuing education of Japanese and non-Japanese people living in Japan. Through various forms of linkage (including credit transfer) they will also be able to collaborate (as well as to compete) with other HEIs in Japan.

Thirdly, the provision of TNHE through e-learning, both inbound and outbound, has already been recognised in Japan and students in correspondence courses may earn a degree solely through e-learning by Internet. Although e-learning has been introduced into classrooms as one of several innovative, supplementary tools, it is not yet prevailing in Japan. Since a majority of Japanese students are young, regular and full-time students, the number of distance learners is small and more video and face-to-face classrooms tend to be preferred. At the same time, the stratified capacity of ICT use has been pointed out, namely, more communication satellites have been installed at national universities enabling their collaboration with domestic and foreign institutions. As for the Internet, however, over the past five years, due to the lowered cost and reinforcement of the relevant infrastructure under the government's 'e-Japan Strategy', a rapid increase has been seen in the use of e-mail in communications with students and in education provision. 100% virtual correspondence courses by Internet leading to a degree are run by some Japanese universities, in particular by newly established programmes, such as professional graduate schools with more adult students. At the same time, a number of foreign universities in collaboration with Japanese institutions (including for-profit companies) are providing education through e-learning, including business and professional postgraduate programmes. Although e-learning is still considered supplementary to traditional face-to-face provision, such collaboration can take advantage of both virtuality and local contact, whilst making the quality assurance issue more complicated.

Finally, the author returns to the very first question regarding challenges and opportunities. In relation to this, there are some other issues which have not been discussed in detail, such as the language issue. Although everybody recognises English in its status as the most powerful language in the world, it is indispensable to learn the local language for both Japanese and international students, in particular for students who wish to earn degrees or credits in their host countries. As seen from the said surveys, many of them, in particular short-term exchange students, do wish to study the local language and culture. Language study is related not only to academic concerns but also to cultural and social aspects of the country, and can thereby enrich the individual's intercultural experience. In fact, the number of programmes taught in English as a *lingua franca* has been increasing, but a majority of the courses are taught in local languages. The issue of language of instruction and language study also has an impact on academic quality. Therefore, it is considered key in developing successful transnational programmes, and each institution must articulate the aims, rationales and strategies for establishing them. Another issue is employability. As seen in recent European policies, mobility is closely related to advanced skill training and working opportunities from the perspective of life-long learning in a knowledge-based society. In traditional labour customs (still the mainstream) in Japan, however, individual mobility has not necessarily been linked to such opportunities. Having said this, some socio-economic changes following the stagnant economy of the 1990s in Japan may change this situation, and there has also been an increasing attention to the 'brain gain' associated with demographic changes. TNHE is therefore considered to bring Japanese institutions both challenges and opportunities in various respects.

Conclusion

Over the past couple of decades, Japanese universities have undergone a number of reforms. As the author has detailed in her previous paper (Tsuruta 2003a), such changes have been variously interpreted such as 'Japanisation', namely, returning to the proper system suitable for Japan with 'necessary revisions (as advocated by the former Nakasone Cabinet, for example)'; 're-Americanisation', indicating the way in which some English words and acronyms (whether properly understood or not) are imported from the U.S.; or 'Anglo-Saxonisation' with the market-oriented reform measures for deregulation and accountability 'following a similar path of educational reforms to those in Australia, the U.K. and the USA' in the massification of HE, limited national budgets and increasingly globalising societies (Tsuruta 2003a, p.130). Behind such reforms are the expectation of the activation and diversification of Japanese HE, as well as the concern over its academic quality and competitiveness in both internally and externally changing environments.

More recently, sensitised to the growing trend of cross-border higher education provision in globalisation and the shrinking domestic market, the government has changed its strict policy based upon the territorial principle to recognise off-shore education provision of Japanese and foreign

institutions. It should be noted, however, that such deregulation measures come into effect on the condition that each HEI observe its original country's educational system and regulations. They actually articulated the Japan's stance on TNHE provision. Although it is true that more policies are considered and decided in the context of globalisation, it does not necessarily mean the diminishing role or governance of a nation state. As seen in the liberalisation talks under the WTO's GATS, each member is respected and preserves its rights as well as responsibility. As Transformationalists explain, national governments are not losing much power and sovereignty, but instead power and sovereignty are being shared among many other public and private agencies ('multi-layered governance'), and therefore, the governments' roles and functions are transforming (Held 2000; Held et al. 1999).

In relation to some regulatory changes, this paper discussed the current situation and trends as well as rationales behind TNHE in Japan by examining available figures and information with regard to people mobility, programme mobility and provider/institution mobility. It also attempted to analyse its implications for the future, as well as the various challenges and opportunities. It was found that among the various forms of TNHE, student exchange is the most developed in Japan (as both an importer and an exporter). The onset of new activities through various linkage programmes and provision modes is also starting to be recognised. Due to the self-restraint of off-shore provision of HE which lasted until recently, Japanese HEIs are indeed latecomers to the TNHE market. However, they may be able to expect the 'late development effect' again in their aspirations for internationalisation and competitiveness of their academic activities.

Interestingly, it was shown that although the significance of validity and recognition of education has been theoretically debated in relation to quality assurance, credit transfer with foreign institutions has not become a common practice yet. It was also found that in spite of deregulation, e-learning is not yet generally widespread. At the institutional or project level, however, quite a few initiatives have been seen. The author, therefore, intends to take this research to the next stage to investigate such initiatives, expectation and reality and their actual impact on students, faculty members and institutions by taking up some specific cases (or specific subject areas) and analysing them from a comparative perspective. At the same time, the author wishes to explore how multi-cultural, diverse and heterogeneous aspects will be integrated in such cases.

Although it is considered too early to present a detailed analysis of TNHE in Japan at this moment, this paper is expected to provide researchers and practitioners with some essential information on the subject. Last but not least, the author's appreciation is extended to the academics and administrators of JASSO, MEXT, NIME and a number of Japanese universities who offered valuable advice and information.

Notes

1. This paper is based upon the author's works, 'Globalisation and the Recent Reforms in Japanese Higher Education' in Goodman, R. and Phillips, D. (eds.) *Can the Japanese Change Their Education System?*, *Oxford Studies in Comparative Education* (a paper read at the joint seminar by the Nissan Institute of Japanese Studies and the Department of Educational Studies at the University of Oxford, 22 February, 2002) and a doctoral thesis to be submitted to the University of Oxford in 2006.
2. Currently, some exceptional cases are allowed for students to advance to universities before completing upper secondary schools as well as to advance to postgraduate courses after three years of undergraduate study.
3. According to the recent ministerial ordinance to partially amend the enforcement regulation of the School Education Law, a student who has completed a specialised training college specialised course will be granted a qualification for admission to a postgraduate school under certain conditions.
4. Public expenditure on tertiary education as a percentage of GDP in 2002 was 0.4% which is lower than the OECD country mean of 1.1%. Even combined with private expenditure, the rate is 1.1%, lower than the country mean of 1.4% (OECD 2005).
5. According to MEXT, there were 1.4% part-time students in 2004.
6. The amendment included the enforcement regulation of the School Education Law as well as the establishment standards.
7. These students were from China (24.9%), Korea (20.5%), the U.S. (16.5%), Taiwan (5.1%), Germany (3.3%) and France (3.1%) in 2005.
8. The major partner countries are the U.S. (18.6%), China (18.2%), Korea (10.2%), the U.K. (5.6%) and Australia (4.3%).
9. For example, 'the development of e-Learning programmes for fostering students based on the needs' is included in the Support Programme for Contemporary Educational Needs as one of the themes for funding.
10. As of May 2005, correspondence education was provided by 42 universities (including 35 universities with undergraduate schools and 19 universities with postgraduate schools) and 9 junior colleges. There were 246,029 students at universities, 9,634 at graduate schools and 28,424 at junior colleges including non-regular students.
11. In 2003, the project was selected for a good practice of off-shore HE provision under the Support Programme for Distinctive University Education (Comprehensive Project).
12. There were 79 overseas branch offices (established by 18 national universities), 7 offices (by 2 public universities), 62 offices (by 39 private universities) and 22 offices (by 5 other institution) in 2004.

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Transnational higher education of Korea: The task and prospects

MAN-HEE LEE

Poole Gakuin University, 4-5-1 Makitukadai, Sakai-si, Osaka-fu, Japan (E-mail: leekorea@poole.ac.jp)

Abstract. This paper¹ examines the extent of social concerns regarding the transnationalization of higher education in Korea in preparation for a long-term full-scale transnationalization of Education Services compatible with the GATS regime. In order to assess the extent of social concerns, a survey was designed and implemented in November 2002, targeting 4,657 key-players in the education arena. To use the GATS regime as a good opportunity to enhance the quality of its higher education, Korea should focus on some of the principles of the transnationalization of education services.

Introduction

In accordance with decisions made at fourth Ministerial Meeting of the World Trade Organization (WTO) held in Doha, Qatar, in November 2001, the Korean Ministry of Education and Human Resources Development (MOEHRD) had already formulated an initial list of proposals by March 2003 that focused on both higher and adult education. Several countries also proposed lists to Korea, which showed their interest in Korea's higher education services market in terms of transnationalization of education services.

In reflecting social expectation as well as social apprehension regarding transnationalization of education services, there was increasing interest and controversy over the contents of the initial list throughout the country as the formal deadline for proposals, March 31, 2003, approached.

Those who are in favor of transnationalization of education services under the General Agreement on Trade and Services (GATS) regime had much interest in its potential positive effects, which could include: 1) extending the range of choice in education services; 2) upgrading the quality of higher education through a stimulus stemming from liberalization of higher education services; 3) strengthening the base of training globalized manpower at a low cost; 4) absorbing the demand for consumption abroad in the domestic arena; 5) decreasing the expenditure deficit caused by studying abroad; 6) completing the requirement to open markets as a member of WTO (Han 1994; Kim 2002, p. 25). They have recognized it as "a stimulus or an opportunity" necessary for upgrading the quality of

higher education through marketized competition.

Those who are against transnationalization of higher education services under the GATS regime have much apprehension of its potential negative effects, which could include: 1) causing serious damage to domestic institutions already facing a crisis of survival; 2) injuring national identity by attracting many foreign cultures in the area of education; 3) increasing the dependency of education services on foreign capital; 4) accelerating the outflow of expenditure necessary for education; 5) diffusing commercialized commodities over the area of education; 6) spreading a sense of incompatibility between rich and poor (Choi et al. 1991). They have perceived it as “a challenge or a crisis” for their survival.

From a viewpoint favoring transnationalization, this paper aims to review the regulatory mechanism of Korea’s education administration in relation to preparation for full-scale transnationalization of education services. Based on this outcome, the discussion also aims to assess the extent of social concerns regarding transnationalization of higher education services; this is identified as necessary in order to find the best way to meet the requests of foreign countries that seek to gain a share in Korea’s educational services markets. To achieve this, a survey of 4,657 people in various levels of the education sector was designed and implemented in October 2002. As a result, this paper emphasizes nine regulations that may become potential hot issues in negotiations between concerned countries.

By reflecting on the path of Korea’s spectacular economic growth since the early 1960’s, we can conclude that the trading of industrial products posed a serious threat or a challenge in the initial stages, but finally brought stimuli or opportunities for the Korean economy to take-off. The transnationalization of higher education services might also be expected to follow a similar path: from being a challenge to creating an opportunity. As the OECD points out, liberalization of education services will promote innovation, efficiency, quality control in the area of education services, and so provide consumers with opportunities to choose high quality services (OECD 2002a, p. 10; OECD 2002b).

Current situation of higher education and its dilemma in transnationalization

Rapid expansion in quantity and its side-effects

Higher education has experienced a spectacular expansion in quantitative terms during the past three decades. In case of general universities (4-year institutions and including universities for the training of teachers) and junior college (2- or 3-year institutions), the number of institutions has expanded, more than doubling from 152 in 1970 to 340 in 2004; and the number of enrolled students has skyrocketed, multiplying by 14.4 times from 192,087 in 1970 to 2,757,573 in 2004. The advancement rate of high school graduates to higher education reached 81.3% in 2004 (MOEHRD and

KEDI 2004). This suggests that higher education has become so universalized that it is accessible to practically anyone in Korea.

In cultural terms, the importance placed on education goes back to Confucian values, which places great emphasis on academic status. Such tradition has long been prevalent in the Korean mind-set, and has led to an intense education “fever”. Moreover, the benefits – financial (for instance, total amount of lifelong earnings resulting from higher education) and non-financial (for instance, social status dependent on education) derived from higher education have risen, and also contributed to the continued over-heated demand for higher education (Lee 2002).

The enrollment capacities of general universities and junior colleges mean that they occupy an important position in the arena of higher education. At undergraduate level, general universities have 44.7%, and junior colleges have 37.8% of the total enrollment capacity. These statistics suggest that the GATS regime will exercise much of influence on them, greater than on other types of higher education institutions. In fact, the Ministry of Education and Human Resources Development (MOEHRD) has proposed an initial list with an emphasis on these institutions in response to the GATS regime; similar lists have also been proposed by foreign countries.

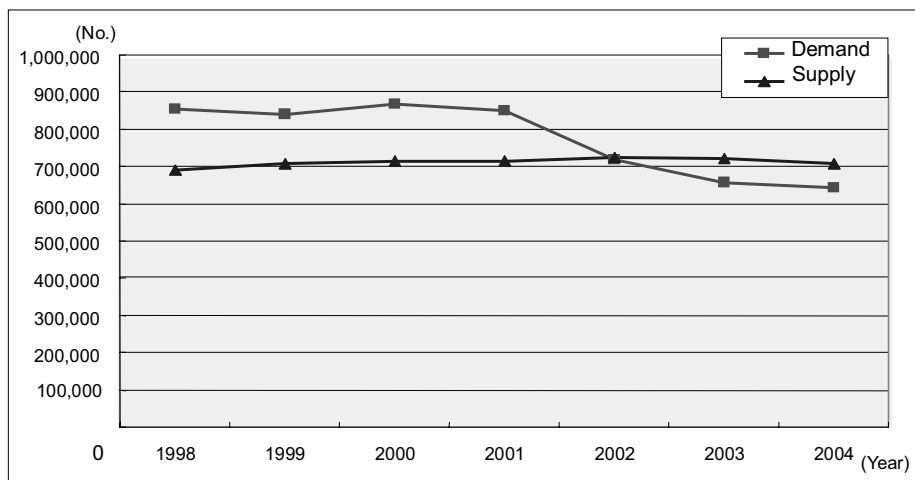
Due to the continuance of over-demand for university places, higher education institutions have been less concerned with attracting students, and as a result have put less energy and resources into improving the quality of their teaching. A degree begins to lose its value with time and the Korean labor market gives less credit to older degrees. Educational institutions have already fallen into a situation from which national competitiveness will lag behind the frontier of world-class knowledge as long as they fail to seek drastic reform (Lee 1998).²

What Korea needs now is to make higher educational institutions both internationally competitive and compatible with a knowledge-based economy as soon as possible. Since the mid-1990’s, a quality control mechanism has begun to work both at the governmentally-led level (implemented by the formal accreditation agency, the “Korean Council for University Education”) and at the institutionally-led level (Im et al. 1999). However, it will take a considerable amount of time to effect such drastic changes either from within or outside institutions. In positive terms, the GATS regime may provide a stimulus, and at the same time, a valid reason to apply further pressure toward drastic reform of the quality control mechanism in Korea’s higher education arena.

A dilemma of higher education institutions in transnationalization

Recently, the environment encompassing higher education institutions has changed for the worst more rapidly than expected (Lee 2001). First, a decreasing pool of 18-year-old students is already beginning to threaten their survival. This threat will not be alleviated with time, as long as Korea’s low birthrate continues. Figure 1 shows the survival dilemma facing institutions. It can be seen that since 2003, the higher educational services market has changed from one of over-demand to one of

Figure 1. Trend of demand and supply for higher education (1998-2004)



Source: Korean Educational Development Institute Data Base (2005)

over-supply.

Moreover, in quantitative terms, excess capacity is likely to continue, due to the fact that, from within Korea, there is still a minimal number of potential new entrants and that as long as Korean aspiration for foreign higher education services remains unsatisfied, the GATS regime is powerful enough to attract foreign institutions.

Second, the financial crisis of 1997 generated momentum to reassess the value of degrees in the labor market. Until then, graduates from prestigious institutions could readily get high-paid jobs, irrespective of their ability, by virtue of the so-called “screening effect”. However, as many foreign companies began to enter Korea’s market after the financial crisis, there was a reevaluation of the value of higher education within Korea’s labor market. There is now a tendency to employ workers who are highly skilled regardless of their academic degrees. At the same time, as students witness the layoffs made by many businesses during the financial crisis, they are preferring lifelong jobs, such as sole-proprietorship businesses, rather than jobs in a lifelong workplace.

This means that achieving a lifelong, stable income has become the most important guideline to selecting a university. Specifically, foreign language ability has become so important in obtaining a job that studying abroad has become a necessity for students, and also leads them to favor the GATS regime.

These changes in the perspective of those seeking higher education have clearly aggravated under-enrollment in institutions reluctant to reform and respond to such demands, and have meant that such institutions have been recognized as being less competitive. The data in Table 1 suggest that currently many institutions are and will be more seriously confronted with a survival dilemma.

Table 1. Enrollment rate of institutions by foundation and location (2004)

Enrollment rate	Junior colleges				Universities			
	National/public		Private		National/public		Private	
	Capital	Local	Capital	Local	Capital	Local	Capital	Local
10 - 20%	0	0	0	0	0	0	0	1
20 - 30%	0	0	0	1	0	0	0	1
30 - 40%	0	1	0	1	0	0	1	1
40 - 50%	0	0	0	5	0	0	1	1
50 - 60%	0	0	0	12	0	0	1	4
60 - 70%	0	2	0	19	0	0	0	9
70 - 80%	0	0	0	11	0	0	0	10
80 - 90%	0	2	1	16	0	1	1	8
90 -100%	0	1	4	8	1	2	1	14
100 - 110%	2	3	15	12	2	19	54(4)	27(7)
110 - 120%	0	2	14	3	1	0	4	4
Over 120%	2	0	15	6	0	0	0	2

Source: Korean Educational Development Institute Data Base (2005).

These recent declines in enrollment indicate why educational institutions (supply-side) in Korea have been severely critical of GATS regime (seeing it as “a challenge”); and in contrast, why students and parents (the consumers of educational services) strongly favor it (seeing it as “an opportunity”).³ Standing neutral between these two parties, the government is likely to prefer the institutions’ position for the time being, but it has also begun to force them to reform and develop in preparation for long term full-scale liberalization of the system of higher education services. The initial list compiled by the MOEHRD conveys the dilemma that government faces in the controversy. While the government sought to recognize the necessity of full-scale transnationalization of higher education services as benchmarks for Korea’s institutions and proposed its initial list to the WTO, it had to recognize the situation of the institutions. So the issue of a regulatory mechanism still remains unaddressed.

Regulatory mechanisms in the transnationalization of higher education

In accordance with the GATS regime, the regulatory mechanism is critically grounded on the rule of market access, national treatment, and domestic regulation. By mode of services provision, Korea has long been operating the following regulatory mechanism (Publishing Committee on Law of Korea’s education system 2002).

*Market access*⁴

Recently, a few institutions including cyber-universities have begun to provide services in a

transnational supply mode but there are no restrictions relating to it. At present there are a few such joint-programs. The government recognizes that if quality control is to be maintained it will be necessary to regulate them, but it has been largely impossible to control the trade in on-line degrees.

Mode 2: Consumption abroad

According to domestic regulations, those who have achieved a level of education corresponding to one year above middle school are legally allowed to study abroad, so that higher education graduates are freely able to do so. In the year 2002, 3,201 graduates went abroad for foreign education services; conversely, by 2004 11,121 foreign students had enrolled in domestic institutions (MOEHRD and KEDI 2004). Meanwhile, as foreign language ability has become, in effect, compulsory in the labor market, many Korean students are going overseas to obtain short-term language training.

Consumption of education abroad greatly increased, following the liberalization of overseas travel in 1989, leading to an education expenditure deficit, the largest among OECD members in 2004. A negative public opinion concerning this deficit and study abroad has become widespread. If Mode 3 (commercial presence) and Mode 4 (presence of natural persons) were adopted under the GATS regime, the demand for education abroad and these social concerns could be minimized.

Mode 3: Commercial presence

The regulations mainly concentrate on the mode of commercial presence. Among them, regulations 5 and 6 (below) look to provide substantial barriers to preclude entry of high quality foreign institutions.

1. Only a non-profitable educational corporation is allowed to establish its own institution.
2. The educational corporation has to be equipped with a school building, playground and appropriate properties necessary for education.
3. In establishing institutions, the size of a school building, playground, appropriate properties for education, and the number of teachers should be satisfactory.
4. When beyond half of total appropriate properties for education needed to establish the institution are contributed by a person with a foreign nationality, the nationality of the majority (2/3) of prescribed board members does not matter.
5. The institution's enrollment capacity, and specifically for the institutions for training teachers, doctors, and in graduate school is restricted.
6. In substance, new institutions are not allowed to be established in Seoul (capital of Korea) or its surrounding suburbs.
7. Virtual institutions or intra-company institutions, must also satisfy the same terms as those for establishing general institutions.

Meanwhile, a few Korean institutions have already launched their own or joint programs, and have planned to enter foreign higher education services markets. According to my investigation in October 2002, nine institutions have been running their own or joint programs, and an additional thirteen institutions have been trying to do so, covering a wide range of academies delivering education services as prescribed by mode 3 (Lee et al. 2002, p. 61, 70). The regulations with which they have been confronted were taken into consideration in creating the initial Korean request list.

Mode 4: Presence of natural foreign persons

In terms of market access, there are no restrictions regarding the mode of presence of natural foreign persons. Non-Koreans have access to Korea's higher education services market: in 2004, 1,734 foreigners occupied teaching jobs in Korea's higher education system.

National treatment

Mode 1: Cross-border supply

In terms of national treatment, there are no regulations regarding the mode of cross-border supply. Even though the government recognizes a necessity to protect consumers' rights through quality control at the national level, in reality it is entirely impossible to do so. Quality control regarding cross-border supply still remains in the hands of consumers.

Mode 2: Consumption abroad

In terms of national treatment, there are no restrictions regarding the mode of consumption abroad.

Mode 3: Commercial presence

As in market access, the regulations for national treatment are also concentrated on the commercial presence mode.

1. Joint programs and curricula with foreign institutions are permitted in the fields of basic science, high technology, international studies, and specialized fields.
2. In joint programs and curricula with foreign institutions, foreign teachers must take responsibility for half of the total number of classes.
3. Both central and local governments are respectively able to provide financial subsidies to "domestic" educational corporations or institutions that support private higher education institutions.
4. Restrictions on increasing tuition fees: as a rule, institutions are allowed to make decisions concerning the rate of fee increases, but usually the government urges them to keep them in check and lower than the rate of inflation.

Mode 4: Presence of natural foreign persons

In terms of national treatment, there are no restrictions regarding the mode of presence of natural foreign citizens.

Domestic regulation

Mode 1: Cross-border supply

In terms of domestic regulation, there are no regulations regarding the mode of cross-border supply.

Mode 2: Consumption abroad

In terms of domestic regulation, there are no restrictions in the mode of consumption abroad.

Mode 3: Commercial presence

1. Restrictions exist regarding the methods for screening students and for the school year.
2. Restrictions on the private use of institutional funds for items other than educational services.
3. In the case of dissolution of an educational corporation, the residual property must be returned to a public or a national account and cannot be sold privately.
4. The property necessary for education including school buildings, playgrounds, and educational facilities, are not allowed to be used for other purposes or to be sold.
5. The consensus of the majority (two thirds) of the prescribed board members and the permission of the minister of MOEHRD are required for a merger and acquisition (M & A) between educational corporations.
6. Educational corporation and private education institution should pay their teachers at least equal or higher rate than that of civil servants.

Mode 4: Presence of natural foreign persons

Teachers should not be suspended or removed from office, without their consensus.

As mentioned above, the regulations for administration of higher education of Korea are extremely focused on commercial presence. As has been indicated, some regulations regarding the qualification of an educational corporation, financial and accounting affairs, the location of new institutions outside of Seoul and its surrounding suburbs, the enrollment capacity and so on must prove to be controversial in effecting liberalization of the higher education services.

Division of social concerns towards transnationalization

To examine the long-term prospects for transnationalization of higher education services, the question of how these regulations will be improved must be addressed. To explore the possibilities, a questionnaire was designed and a survey implemented in November 2002. The focus of the questionnaire was on the controversial regulations and the survey targeted 4,657 key-players in the education arena. The responses concerning the major controversial issues and social concerns regarding transnationalization of higher education services are discussed below with reference to a policy research paper published in 2002 (Lee et al. 2002).

Market access: with a focus on commercial presence

According to the domestic rules many detailed requirements have to be met in order to establish, administer private institutions, including virtual ones.

Issue 1: Only a non-profitable educational corporation is allowed to establish its own private school (in the case of virtual school, local governments are allowed to do so); it is then required to supply the resources necessary for education.

This statement reflects a Korean mind-set that the education services have long been recognized as non-profit and public goods, even though people have recognized the necessity of a commercial presence for its quality control. However, the foreign institutions that are expected to enter Korea's services market may wish to seek profitable activities. If profitable activities are not allowed, this may deter those high quality institutions that consumers demand.

Between a traditional and a realist mind-set, the former seems low risk initially. As an alternative, the government is expected to allow foreign institutions to look for profitable activities in the Free Economic Zones (FEZs). To make transnationalization of higher education services an effective way to stimulate domestic higher education, the FEZs should seek to attract high quality institutions by providing them with positive incentives, such as tax-breaks, financial support, and subsidies.⁶ The respondents to the survey supported establishment of foreign institutions, but failed to support those institutions that wished to pursue profit, as shown in Table 2 and Table 3.

Table 2. The establishment of foreign institutions

	Absolutely not-allowed	Not-allowed	No Opinion	Acceptable	Absolutely Acceptable	No Response	Total
Number (%)	168 (6.8)	361 (14.6)	547 (22.1)	1171 (47.4)	122 (4.9)	104 (4.2)	2,473 (100)

Table 3. The profitable activity of foreign institutions

	Absolutely not-allowed	Not-allowed	No Opinion	Acceptable	Absolutely Acceptable	No Response	Total
Number (%)	295(11.9)	807(32.6)	625(25.3)	548(22.2)	39(1.6)	159(6.4)	2,473(100)

Issue 2: In accordance with laws for managing Seoul and its suburbs, it is forbidden to establish new higher education institutions in these areas.

Since the 1970's, laws for managing Seoul and its suburbs have been implemented to prevent them from further over-population and its consequences. However, the demand for institutions in these areas, which accounts for 37.5% of the total number of enrolled students, has continued to increase, irrespective of tuition fees. The most severe competition for higher education places occurs in just these areas. In this context, foreign institutions also will wish to try to provide their own education services in such low-risk, high-demand areas. The respondents to the survey were roughly divided in their support for establishment of new foreign institutions in Seoul and its suburbs, as shown in Table 4.

Table 4. The establishment of foreign institutions in Seoul and its suburbs

	Absolutely not-allowed	Not-allowed	No Opinion	Acceptable	Absolutely Acceptable	No Response	Total
Number (%)	240 (9.7)	622 (25.2)	668 (27.0)	705 (28.5)	86 (3.5)	152 (6.1)	2,473 (100)

Issue 3: The enrollment capacity of higher education institutions, with the exception of graduate schools and independent graduate schools, should take into account the institution's facilities and human resources. Institutions should adhere to enrollment capacity guidelines set by the minister of MOEHRD such as the number of students per a teacher. Meanwhile, the enrollment capacity of institutions that train teachers and health professionals, and the restrictions on their location in Seoul and its suburbs, must be determined by the minister of MOEHRD.

Such regulations, specifically in terms of fields and locations, appear to be illegal from the standpoint of market access. The relative number of institutions closely connected with training of professionals, such as teachers and doctors, looks so favorable to foreign institutions because of the low risk involved. In reality, a foreign institution has already proposed lifting barriers in this area to establish an institution of oriental medicine.

In Korea, it is necessary to attract high quality institutions in order to moderate the severe competition and maintain a balance of educational quality between institutions and their locations, taking into consideration education "fever" and the geographically unbalanced distribution of quality in higher education. Respondents to the survey also indicated support for foreign institutions being permitted to set their own enrollment capacities, as shown in Table 5.

Table 5. The autonomous decisions of foreign institutions regarding the number of enrollment capacity

	Absolutely not-allowed	Not-allowed	No Opinion	Acceptable	Absolutely Acceptable	No Response	Total
Number (%)	154 (6.2)	518 (20.9)	758 (30.7)	810 (32.8)	72 (2.9)	161 (6.5)	2,473 (100)

National treatment: with a focus on commercial presence

Issue 4: In terms of the nationality of board members governing an educational corporation, over half of the number of prescribed board members should be Korean. However, when over half of the basic funds and resources are contributed by a person of foreign nationality, the nationality of the majority (2/3) of the prescribed board members does not matter.

This regulation regarding the nationalities of the board members governing educational corporations gives them flexibility in proportion to the ratio of their financial contributions, and this may be enough to induce foreign institutions to enter Korea's higher education services market. However, it may be unreasonable that, even when a foreign person or firm contributes all the funds, a minority (1/3) of board members should still be Korean. Rather, it would look more logical to disregard the nationalities of board members in such a case. However, this was not the view of respondents, as is shown in Table 6.

Table 6. The nationalities of board members do not matter in case of total contributions of basic properties

	Absolutely not-allowed	Not-allowed	No Opinion	Acceptable	Absolutely Acceptable	No Response	Total
Number (%)	355 (14.4)	953 (38.5)	618 (25.0)	332 (14.4)	39 (1.6)	176 (7.1)	2,473 (100)

Issue 5: Both central and local governments are able to support educational corporations and private institutions in the form of provision of financial subsidies.

Most foreign countries do not financially support those institutions established by foreign educational corporations, even in their own territories. Such support would clearly constitute an unfair barrier in terms of National Treatment under the GATS regime. If foreign institutions are allowed to be established in Korea's higher education services market, they will also request the government to provide them with subsidies. Meanwhile, such subsidies may be an effective means to persuade high quality institutions to enter the Korean market so that they can complement the weakness of domestic institutions. Respondents to the survey did not support provision of subsidies to foreign institutions, as is shown in Table 7.

Table 7. The provision of subsidies for foreign institutions

	Absolutely not-allowed	Not-allowed	No Opinion	Acceptable	Absolutely Acceptable	No Response	Total
Number (%)	447 (18.1)	988 (40.0)	495 (20.0)	345 (14.0)	36 (1.6)	162 (6.6)	2,473 (100)

Issue 6: In reality, neither differentiation nor autonomous decision regarding tuition fees are not allowed to any significant extent among institutions in Korea, irrespective of the quality of education services they provide.

To a limited extent, institutions in Korea have the right to set their tuition fees. However, any increases are made in consultation with the central government, which takes into account other factors such as rate of inflation. Moreover, tuition fees have been restricted irrespective of the quality of education services, due to the deeply-rooted belief that education services are public goods, and as such their prices should be set lower than or equal to their average costs of production.

In contrast, foreign institutions expect to fix their tuition fees in keeping with the quality and type of education services they provide. This pattern seems inevitable, as education services continue to be recognized as marketable and private goods throughout the world, particularly, under the GATS regime. In order to upgrade the quality of higher education services, the impact on fees should be considered. However, this was not the view of the majority of respondents, as is shown in Table 8.

Table 8. Differentiation and autonomous decision regarding tuition fees for foreign institutions

	Absolutely not-allowed	Not-allowed	No Opinion	Acceptable	Absolutely Acceptable	No Response	Total
Number (%)	248 (10.0)	845 (34.2)	583 (23.6)	569 (23.0)	66 (2.7)	162 (6.6)	2,473 (100)

Domestic regulation: with a focus on commercial presence

Issue 7: Institutions seeking establishment must be equipped with a school building, playground, educational resources and sufficient full-time teachers. After approval, the school building and playground should be the responsibility of the educational foundation.

The foreign institutions investing in Korea may be taking a considerable risk due to an uncertain demand for their education services, irrespective of their goals, either with profit or non-profit. This risk may well lead them to seek to lease rather than to own their educational facilities. For instance, the establishment of educational institution in the form of combining “hardware”, such as a school building and playground, from a domestic institution and software, including an education program, from a foreign institution is imaginable.

Real estate property that is profitable is recognized as an essential investment for the provision of education services by functioning as a “guarantee” for the survival and profitability of the educational enterprise, and in this respect they are similar to a guarantee for their duties. Yet if this practice is permitted, unfavorable discrimination against domestic institutions is likely to occur, and the duty of foreign institutions may be more or less fragile. The respondents did not support leasing or non-ownership of property by foreign institutions, as is shown in Tables 9 and 10.

Table 9. The lease of educational facilities for foreign institutions

	Absolutely not-allowed	Not-allowed	No Opinion	Acceptable	Absolutely Acceptable	No Response	Total
Number (%)	270 (10.9)	673 (27.2)	808 (32.7)	538 (21.8)	33 (1.3)	151 (6.1)	2,473 (100)

Table 10. Non-ownership of profitable properties for foreign institutions

	Absolutely not-allowed	Not-allowed	No Opinion	Acceptable	Absolutely Acceptable	No Response	Total
Number (%)	312 (12.6)	725 (29.3)	907 (36.7)	326 (13.2)	36 (1.5)	167 (6.8)	2,473 (100)

Issue 8: In the case of donation, exchange, or mortgage of basic properties necessary for education, the educational corporation should obtain permission from the administrative authority. Operational funds of higher education institutions must not be transferred or lent at their own discretion.

This regulation is prescribed in order to prevent arbitrary expenditure of basic funds, but it also may restrict the financial administration of and rights to property. However, properties owned by educational corporations have long been recognized as a warranty for insuring the survival of the school, and so are inherently non-transferable out of the education services. It is also an effective mechanism to prevent an educational corporation from falling into moral hazard.

This restriction may dissuade an educational corporation from investing large amounts because it is irretrievable. Similarly, insisting on a non-transferable accounting system may also dissuade investment because institutions would not be allowed to remit any profits from education services.

Clearly, administrations will be more willing to invest if they are able to seek tangible and intangible profits from the Korean higher education services market, and this issue of profits and their administration will be a major issue in a wide range of GATS negotiations. If many incentives are needed to attract high quality higher institutions, it may be reasonable to reform the current accounting system, as long as institutions are not deflected from their duties as providers of education services. In positive terms, it is known that the government will allow capital necessary for education to flow-in and -out of the Free Economic Zones sooner or later. However, the respondents did not support any easing of these regulations, as is shown in Tables 11 and 12.

Table 11. The right to dispose of basic properties for foreign educational corporations

	Absolutely Not-allowed	Not-allowed	No Opinion	Acceptable	Absolutely Acceptable	No Response	Total
Number (%)	246 (9.9)	881 (35.6)	716 (29.0)	454 (18.4)	23 (0.9)	153 (6.2)	2,473 (100)

Table 12. Remittance of profit for foreign educational corporations

	Absolutely Not-allowed	Not-allowed	No Opinion	Acceptable	Absolutely Acceptable	No Response	Total
Number (%)	358 (14.5)	915 (37.0)	631 (25.5)	378 (15.3)	31 (1.3)	160 (6.5)	2,473 (100)

Issue 9: It is not permitted for higher education institutions to force teachers into a temporary retirement, nor to demote or dismiss them without valid reason. Valid reasons for dismissal may include involvement in the labor movement, political activities, and collective strikes.

The specialized and restrictive labor rights conferred on teachers may be a serious obstacle for foreign institutions, which are accustomed to labor rights for teachers equal to those in other sectors of the labor movement. In particular, the effective removal of educators' rights to participate in political activities may be viewed as a constraint on freedom of expression. It is evident that in Korea we are far from global standards in terms of school management and workers' rights in the education field.

As the domestic educational system has existed in a free market, it may be difficult to introduce such principles in the near future. However, as historically experienced in Western countries, the flexibility of a teacher's mobility in a market economy may be a stimulus essential in reforming the higher education services so as to become more competitive. The respondents also indicated their support for change, as is shown in Table 13.

Table 13. The flexibility in teacher's mobility in foreign institutions

	Absolutely not-allowed	Not-allowed	No Opinion	Acceptable	Absolutely Acceptable	No Response	Total
Number (%)	150 (6.1)	466 (18.8)	748 (30.2)	883 (35.7)	68 (2.7)	158 (6.4)	2,473 (100)

Concluding remarks

My perspective of Korea, as a Korean, is that our personality looks inward rather than outward. From a geopolitical and historical perspective, we have, over all else, a strong instinct for self-defense. Even in the midst of severe controversy in the domestic political arena regarding an open-door policy, we ourselves have never opened the doors. Yet throughout the history of modern times, we should keep in mind that liberalism has prevailed over protectionism, and that the challenge or the stimulus stemming from transnationalization since the 1960's has become a great springboard for Korea's economy to advance from its under-developed state.

On the whole, we can see that protectionist sentiment remains strong. For future success, what is needed now is to make higher education institutions competitive on a world-class level, so that they may train human resources compatible with the knowledge and information-based era we live in. The GATS must be a stimulus or an opportunity for institutions to become more competitive. It is well-known that some countries have long tried to attract world-class high quality institutions with support at the national level, recognizing them as the strategic partners necessary for training human capital and globalizing industries.⁷

In contrast, current regulatory mechanisms in Korea are so complicated that they may crowd out those institutions that seek markets of opportunity. However, when many restrictions are lifted to

encourage foreign investors and institutions, it is important to monitor and filter out low quality services. It is impossible for a country to attempt this alone, and so it requires close cooperation between WTO members.

In consideration of this risk, Korea should keep in mind four principles in transnationalization of its education services: 1) liberalizing gradually and reciprocally; 2) locating in principle foreign institutions outside Seoul and its suburbs for a balanced development by regions; 3) putting priority on the quality of foreign education services; and finally 4) absorbing in the domestic arena the demand for consumption abroad. By adhering to these principles, the list of transnationalization of educational services in Korea should be transformed over time from a “positive” list to a “negative” one.

Meanwhile, a few years ago the central government designated several areas as Free Economic Zones (FEZs). The MOEHRD, irrespective of GATS, also planned to attract world-class educational institutions to the FEZs, in order to make Korea a central focus for education and research in the long run. In fact, it is known that many foreign institutions have much interest in this plan (MOEHRD 2003). In a separate and different way from GATS, FEZs will also provide a good opportunity to experience experimentally the effects of transnationalization of educational services. As mentioned earlier, the government has succeeded in preparing in legal terms, rules necessary for practicing such a plan. However in September 2005, unofficially the government changed this positive policy attitude into a negative one, recognizing that it might be too costly for the central government as well as local governments to induce foreign education institutions on their own. Is this the best choice for Korea towards an era of globalizing competition?

It requires us to reexamine the reasons why it is necessary to positively transnationalize higher education services as soon as possible, giving due consideration to the significance of the knowledge-based society. In a few countries, educational services have always been important as export items (Dupree et al. 2002). As Korea’s industry has achieved great development since the 1960’s as a late-comer, the educational services market might also be expected to follow a similar path. We should remember that poor liberalization is sometimes much better than good protectionism.

Notes

1. The earlier version of this paper was contributed to *KEDI Journal of Education Policy*, Vol. 2, No. 2 (2005).
2. Refer to Lee et al. (2003) for further reading regarding the quality of Korea’s higher education. Several institutes including IMD, the Times recognize that the competitiveness of Korea’s Higher Education lags far behind world-class level. In 2003, for example, the IMD listed Korean higher education as 59th among 60 countries in terms of its competitiveness (KEDI 2004, pp. 186-8; IMD

- 2003).
3. According to my survey, for example, 18.8% of parents and 22.7% of students of universities and 15.2% of those of high schools indicated out that the higher education services should be transnationalized earlier, prior to any other education services. In contrast, over half of staff and faculty of higher education institutions said that higher education services do not have to be transnationalized earlier than any other education services.
 4. The core principle of the GATS is non-discrimination, as reflected in National Treatment and Market Access. The principle of National Treatment is a so-called specific commitment that applies only to the services inscribed in a Member's schedule, subject to whatever qualifications or conditions are listed. It is defined as treatment no less favorable than that accorded to like domestic services and service providers. In addition to national treatment, the GATS introduces another specific commitment: a market-access obligation. Six types of market-access restrictions are in principle prohibited. The introduction of this commitment reflects the fact that the contestability of service markets is frequently restricted by measures that apply to both foreign and domestic entities. However, the market-access obligation overlaps with the national treatment requirement, as prohibited measures may be discriminatory as well as non-discriminatory (Hoekman and Kostecki 1995, pp. 131-4).
 5. The GATS applies to measures imposed by Members that affect the consumption of services originating in other Member States. The Agreement applies to all of the four modes of supply that are possible in trading services: 1) cross-border supply (not requiring the physical movement of supplier or consumer); 2) provision involving movement of the consumer to the country of the supplier; 3) services sold in the territory of a Member by foreign entities that have established a commercial presence; and 4) provision of services requiring the temporary movement of national persons (Hoekman and Kostecki 1995, p. 131).
 6. In order to realize it, in May 2005 the government (MOHERD) promulgated a rule, the so-called "special law necessary for establishing and managing foreign education institutions in Economic Free Zones and Jeju Island", which allowed the establishment of foreign education institutions in these areas. However, in September 2005, the government found it difficult to implement this plan because it might have proved too costly for the central and the local governments to induce foreign education institutions to participate. The government also added that therefore the only way to enhance the quality of higher education might be to develop close cooperation between domestic and foreign institutions.
 7. For detailed information, refer to <http://www.sedb.com/educorp/detailed.jsp>.

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Transnational higher education in Malaysia: Balancing benefits and concerns through regulations

SIRAT MORSHIDI

National Higher Education Research Institute (NaHERI), Level 1 Suite 109 EUREKA Complex 11800 Universiti Sains Malaysia, Penang, Malaysia (E-mail: morshidi@usm.my)

Abstract. With the passage of the Private Higher Educational Institutions (PHEI) Act 1996, the Malaysian government formally encouraged private providers of higher education to complement the public sector providers. The government has also invited reputable foreign universities to establish international branch campuses in Malaysia, some of which have already established formal arrangements (franchise and twinning) with private local providers. Since then, Malaysia has emerged as an important importer of transnational higher education (TNHE) services. The presence of TNHE services presented Malaysia with many opportunities and challenges. In response, the government has instituted and/or refined regulations in order to deal with emerging issues in connection with TNHE provision, in particular with respect to quality assurance and recognition. More importantly for a multi-ethnic and multi-cultural Malaysia is the issue of whether TNHE providers would contribute to furthering Malaysia's national aspirations and development objectives. This paper is an attempt to assess the government's responses to the challenges of TNHE services; specifically examining how benefits are maximized and concerns addressed. There is a special focus on the role and contributions of international branch campuses – a recent phenomenon in the Malaysian higher education scene. It is concluded that these international campuses of reputable foreign universities will significantly help enhance Malaysia's image as a regional hub for education. Equally important is the fact that they also cater to the ever increasing demands for tertiary education among Malaysians. These international campuses have successfully operated within Malaysia's higher education system. In this regard, appropriate legislations and administrative procedures proved to be very critical.

Introduction

The Task Force on Higher Education and Society (2000) has alluded to the idea that globalization is affecting higher education in developing countries mainly because this group of countries will experience the bulk of higher education expansion in the coming decades. Among the developing

countries, the role and impacts of globalization of higher education is anticipated to be of some importance in the Asian region. Blight and West (1999) for instance have estimated that demand for transnational higher education (TNHE) in a sample of Asian countries (excluding China) will rise to more than 480,000 students by 2020 (cited in McBurnie and Ziguras 2001, p. 86). It is reported that Singapore, Hong Kong, Malaysia and especially China will emerge as the primary markets for TNHE, with high demand from students, and keen competition among providers (see McBurnie and Ziguras 2001). The challenges of globalization and the internationalization of higher education are confronting the more advanced developing countries in South East Asia, such as Malaysia and Thailand, at a time of major national transformation and re-structuration (see Moja and Cloete 2001). Of critical importance to these developing countries are the challenges in terms of the need to support further expansion of their higher education system; to redefine its role and situation in the regional context, and to struggle with the impact of the global forces confronting it. In the latter instance, the challenges posed by the WTO treatment of higher education in the framework of the GATS agreements are real.

While there are many definitions of globalization, in the specific context of this paper it refers to the broad socio-economic and technological trends that directly affect higher education. Concomitant with globalization is internationalization, which in effect describes 'voluntary and perhaps creative ways of coping' with globalization (Task Force on Higher Education and Society 2000). Denman (2002) explains the globalization-internationalization nexus, describing the latter as the conduit of the former, but there is always the possibility that the two processes overlap. Denman notes though that the evolving nature of internationalization is not necessarily dependent on globalization.

In the context of higher education therefore, internationalization would normally manifest itself in many different types of provision and modes of delivery. At the level of the universities for instance the internationalization process refers to massification of universities in general; a reaching out further afield to increase an institution's influence, visibility, and/or market share on the international scene (Denman 2002). Scott (1998) acknowledges that TNHE could be regarded as potentially the most significant form of internationalization of higher education. UNESCO/Council of Europe (2000) defines TNHE as follows:

“...all types of higher education study programs, or set of courses of study, or educational services in which the learners are located in a country different from the one where the institution providing or sponsoring the services is based. Such programs may belong to the education of the State different from the State in which it operates, or may operate independently of any national education system”.

Based on the above definition, TNHE would inevitably involve cross-border movement of program information, materials, and/or staff. Generally, provision of TNHE would necessitate some form of

affiliation, linkage and partnership, either through formal or informal agreement, between foreign and local institutions.

In Malaysia, new providers, including TNHE services, with new delivery modes and new types of programs have emerged in the higher education landscape. Given the ever increasing demand for higher education places within Malaysia, coupled with the Malaysian government objectives of internationalizing higher education and turning Malaysia into a regional education hub, several regulations have been introduced to facilitate the operation and relocation of TNHE providers in Malaysia. While some governments deem TNHE to be illegal, Malaysia is actively encouraging TNHE initiatives in order to enhance domestic capabilities in higher education without the concomitant infrastructure costs (see Campbell and van der Wende 2001, p. 11). Since the mid-1990s, various forms of TNHE have emerged in Malaysia, especially in the Klang Valley, of which Kuala Lumpur is a major component. This paper examines specific examples of TNHE providers and services in Malaysia in terms of its role and contributions to the growth and development of higher education in the country. In so doing, the paper will necessarily focus on legislation pertaining to the providers of TNHE services with Malaysia as a “receiving” or host country. An attempt will be made to address the question “to what extent is legislation a powerful tool for ensuring that providers of TNHE services play the role that the government has identified for them?” Of specific interest in this connection is the role and contributions of the international branch campuses.

Contextualizing and rationalizing TNHE services

Transnational higher education is organized and offered by means of different forms of partnerships or collaborative arrangements (Wilson and Vlasceanu 2005). Branch campuses for example could be the final mutation of franchising or twinning arrangements. Large corporations and international institutions are also involved in TNHE service provision. The mode of delivery of TNHE services could take the form of a distance learning arrangement and of virtual higher educational institutions, and of study abroad. Program articulation binds these various elements as a single unified entity in terms of quality assurance and accreditation. Much has been said about the various institutional structures for TNHE and their modes of delivery. However, it is important briefly to describe these institutional forms and modes of delivery in order to properly contextualize this paper. More importantly, this description provides a basis to compare and contrast Malaysia’s case in so far as TNHE service provision is concerned. Knight (2005) has developed three distinct typologies for cross-border providers and mobility and these are adopted as a working framework in this paper. Following Knight (2005), the term “provider” is used as a generic term to include all types of higher education institutions as well as companies and networks involved in cross-border education. Such a definition inevitably highlights the diversity of actors in cross-border education provision.

Knight (2005) has adopted the following as key differentiation criteria to categorize providers: status (whether the provider is recognized by a *bona fide* national licensing/accrediting body); character (public, private or religious; non-profit or for-profit); and whether provider is part of, or outside, the national “home” or sending country’s educational system. Based on these criteria transnational education providers could be categorized as recognized higher educational institutions, non-recognized higher educational institutions, commercial company higher educational institutions, corporate higher education institutions, affiliations/networks, and virtual higher educational institutions.

Knight (2005) has also proposed a typology of cross-border program mobility modes comprising franchise, twinning, double/joint degree/articulation, validation, and virtual/distance. Each of these categories is differentiated based on ‘who’ awards the course credits or ultimate credential for the program. In so far as cross-border provider mobility modes are concerned, which can be described as ‘the physical presence or virtual movement of an education provider across a national border so as to establish a presence to provide education/training programs and/or services to students and other clients’, Knight (2005, p. 24) has identified six categories. These categories are: branch campus, independent institution, acquisition/merger, study center/teaching site, affiliation/networks, and virtual university.

In the context of this paper we are interested in cross-border program mobility modes and cross-border providers of mobility modes as conceptualized by Knight (2005). At this juncture, it is also important to note the views of others. Altbach (2004) for instance describes the above trends and developments in cross-border programs or TNHE services as ‘multinationalization’, in which academic programs or institutions from one country are offered in other countries through collaboration, although this is not always the case. Joint-degree offerings among institutions in two or more countries, referred to as “twinning”, in much TNHE literature, is an example of a multinational academic enterprise. A hybrid of this development is the establishment of offshore institutions and this may be carried out through franchising (sometimes referred to as “McDonaldization”) or simply by opening a branch institution (Hayes and Wynyard 2002, cited in Altbach 2004).

In the context of the above-mentioned institutional structures and modes of delivery, it is worth noting that as the movement of programs proliferates, there will undoubtedly be further changes to national, regional and even international regulatory frameworks (Knight 2005, p. 24). Indeed, as Knight (2005, p. 24) rightly noted, the perceived legitimacy, recognition and ultimate mobility of qualifications are fundamental issues yet to be resolved. It is within the context of the preceding discussion that we shall begin to examine and unfold the case of Malaysia as a “receiving” country in the arena of TNHE.

Rationales for TNHE services in Malaysia

Malaysia realized that it would not be able to educate at the tertiary level a significant proportion of its population through its own public institutions. Admittedly, there is strong demand for higher education in Malaysia, but there are insufficient places in universities to meet the demand (Middlehurst and Woodfield 2004). Ziguras (2001) reported that due to a serious under-supply of places in local public universities, the Malaysian government is faced with a situation in which thousands of students would travel overseas to obtain tertiary education. It was reported that in 1995, the 20 percent of Malaysian students who were studying abroad cost the country around US\$800 million in currency outflow, constituting nearly 12 percent of Malaysia's current account deficit (Ziguras 2001). Furthermore, according to UNESCO, in the 1990s only 7.2 percent of Malaysians of university age were enrolled in local tertiary institutions, compared with 35.8 percent in Argentina or 54.8 percent in South Korea (Ziguras 2001). Not surprisingly, because of heavy student outflow, Malaysia became one of the Top 20 countries of origin for foreign students in OECD in 2001 with 32,709 or 2 percent of the total of 1.5 million foreign students studying for higher education (Hatakenaka 2004). From Malaysia's viewpoint, this is unacceptable and something needs to be done sooner rather than later. To bring the gravity of the situation into focus, the USA, which has a far larger student population came next to Malaysia with 30,103 students studying abroad.

Faced with such a predicament, the Malaysian government undertook a serious re-assessment of the development and direction of higher education in the early 1990s. The government was very concerned over a range of socio-economic issues in higher education: expanding access; controlling public expenditures; ensuring quality of private sector provision; and ensuring international competitiveness (see for example Morshidi 2004, 2005). These concerns have been translated into specific policies directed at the public, and even more so at the private providers. In 1995, the then Prime Minister of Malaysia (Tun Dr Mahathir Mohamed) announced the '2020 Vision' aimed at transforming Malaysian economy and society into a fully developed economy and society by 2020. In the context of higher education, the vision envisages a greatly expanded access to public-sector higher education (universities and university colleges), and a structured development of the private higher education sector (comprising TNHE and local providers). The overall aim is to turn Malaysia into a regional hub for higher education (see Morshidi 2005). Arising from this, a regulatory framework for private higher education providers, a regulatory framework for quality assurance, and support for international activities were soon introduced.

The Malaysian government, realizing the danger of continuous currency outflow and its consequences as noted earlier, made a policy objective of reducing the number of students sent overseas for undergraduate study at its expense during the period of the 7th Malaysia Plan (1996-2001). In order to realize this policy objective, the government sought to develop its indigenous provision, both through local private and public institutions and through partnerships with foreign

higher educational institutions. The latter would moreover inevitably reduce outflow of revenue, and enrich the experience of local providers (Middlehurst and Woodfield 2004).

As a result of the new emphasis on private provision of higher education, as of 2002, about 25 percent of the 17-23 age cohorts were pursuing higher education. The government was of the view that in order to be at the level of developed countries the number of students in the age cohort 17+ to 23+ pursuing higher education had to be increased to 30 percent in 2005 and to 40 percent by 2010 (see Morshidi 2005). The 17 public sector universities/university colleges are only able to admit around 100,000 students annually. As of December 2002, the private sector with 518 private colleges, 14 private universities/university colleges, and 4 foreign university branch campuses had a student population of about 294,600, a total substantially greater than student enrolment in the public sector (see Morshidi 2004, 2005). With the World Bank's projected increase of 16 percent in the 15-19 age group and 32 percent in the 20-29 age group, expansion in the secondary and tertiary education sectors became a priority (see World Bank 2003). Prior to this, while it is the government's responsibility under the Constitution to provide for higher education, the burden is simply too heavy. Furthermore, the 1969 Essential (Higher Education Institution) Regulation had effectively barred private sector institutions from conferring degrees, and foreign universities from setting up branch campuses in Malaysia. Even the Malaysian Chinese Association (MCA), a political party that formed part of the government coalition lost their case to establish a private university in the early eighties. But in the early 1970s there was an about turn: private institutions were allowed to offer pre-university courses in Malaysia. Another interesting development was that in the early 1980s, private providers became involved with innovative twinning and franchise arrangements in collaboration with foreign universities at bachelor degree level and other qualifications leading to the award of certificates, diplomas and professional qualifications (Middlehurst and Woodfield 2004). Arguably therefore the development of TNHE in Malaysia has its roots in the higher education reform carried out since 1996. Notably, the reform provided the necessary regulatory framework for the liberalization and privatization of higher education on a larger scale to meet the social and economic needs of the country. The Education Act 1996, Private Higher Educational Act 1996, National Council on Higher Education Act 1996, and the National Accreditation Board Act 1996 were passed by the Malaysian Parliament, paving the way for different institutional structures and delivery of TNHE in Malaysia.

Morshidi (2004, 2005) and Lee (2004) noted that private higher educational reforms highlight the fact that the government has acknowledged the important contributions of private higher education in providing greater access to higher education in Malaysia. Prior to 1996, private higher educational institutions in Malaysia had no degree-awarding powers. Thus, the programs they offered were either at sub-degree level, or were degree programs offered through various forms of collaborative arrangement with local or foreign universities. Even immediately after the PHEI Act 1996 was passed, no complete undergraduate degree program could be offered through collaborative provision entirely within a private higher educational institution. The arrangements at that time were that some part of

the program had to be undertaken in the degree-awarding partner institution. For example, students studying degree programs offered through partnership links between private higher educational institutions in Malaysia and UK institutions were required to transfer from Malaysia to the UK to complete their studies (QAA 1999). It was only after 1998 that the then Ministry of Education introduced the '3+0' arrangement, which gave it scope to approve selected collaborative arrangements for delivery to degree level entirely within private higher educational institutions in Malaysia (QAA 1999).

While acknowledging the importance of private provision, the government was also very concerned that in the absence of regulations there is a danger that the system of higher education in Malaysia would drift into some new "market-oriented format" with serious consequences for quality and equity and that society would lose some of the attributes of higher education that are essential to a free and effective society" (See for instance Middlehurst and Woodfield 2004). Thus, the PHEI Act 1996 was amended further in 2003 in response to new challenges in the provision of private higher education. Specifically, the amended act provides for the establishment and upgrade of private universities, university colleges and branch campuses of foreign universities in Malaysia. Indeed, several private higher educational institutions were subsequently upgraded to university colleges. Without doubt, the Malaysian government policy framework for the expansion of the higher education sector has encouraged private sector involvement through partnership with foreign institutions. An accreditation procedure was set-up as part of the essential framework to encourage foreign participation, and Malaysia was very successful in attracting more transnational provision of higher education. Another plus point was that the Malaysian government had historically welcomed international input and transnational provision in particular in the national higher education system. Such a welcoming stance was based on the assumption that TNHE services bring with them international quality standards and expertise, and also promote the mobility of staff, students and professionals (see Middlehurst and Woodfield 2004).

TNHE in Malaysia: Policy regimes and related regulations

Undeniably, the PHEI Act, 1996 has resulted in a rapid growth in the range and number of higher education institutions, and in particular among the private providers (Lee 2004; Morshidi 2004). It was reported that as of 2000, there were 11 public higher educational institutions, seven new local private universities, three foreign university branch campuses and more than 400 private colleges approved by the Malaysian government (Ziguras 2001). Currently there are 11 Malaysian private universities, five branches of foreign universities and six university colleges specializing in courses relating to business, applied science, IT, engineering and medical disciplines (Morshidi 2005). It is

worth noting also that one virtual university/e-university and one Open University were established very recently. Such is the diversity of higher education provision in Malaysia.

It is of interest at this juncture to note that all transnational providers operating in Malaysia are subject to Malaysian laws and its quality assurance framework under the aegis of the National Accreditation Board (Middlehurst and Woodfield 2004). By law, foreign providers wanting to offer courses of transnational in character in Malaysia can either apply to be licensed as a private higher educational institution and open a branch campus, or deliver courses through a local partner licensed as a private higher educational institution. In addition, the Malaysian government requires that all transnational private providers with a local presence must meet the stipulated requirement that home nationals must hold 30 percent of the equity (Suleiman 2002). In so far as courses from overseas providers leading to professional qualifications are concerned, these must meet the requirements of professional licensing bodies and they must also be accredited in their home country (Middlehurst and Woodfield 2004).

For franchised courses the PHEI Act 1996 states that the curriculum should be exactly the same as the home-campus version and in this respect Middlehurst and Woodfield (2004) have highlighted the potential for conflict in particular with regard to minimum contact hours when the course is not offered by distance mode in the home country. This franchise is referred to locally as a 3+0 program.

The National Accreditation Board and the Quality Assurance Division of the Ministry of Higher Education carry out stringent checks and audits of the franchise and twinning programs offered by transnational providers in collaboration with local partners. In addition, the National Accreditation Board also considers the status of partner organizations in their home countries with their relevant quality agencies (*e.g.*, QAA in UK), particularly regarding their overseas activities (Middlehurst and Woodfield 2004).

The passing of the PHEI Act 1996 saw a proliferation of agreements between Malaysian educational institutions and overseas higher educational institutions. It was reported that as of 1999, at least 70 UK higher educational institutions had some form of collaborative agreements with private Malaysian institutions (QAA 1999 cited in OBHE 2002, p. 6). QAA (1999) also notes that the links between UK and Malaysian higher educational institutions were varied in nature, but fell into two broad categories of 'franchise' arrangements and 'articulation' arrangements. Based on the QAA (1999) report we can briefly highlight UK-Malaysia collaborative efforts. In a franchise arrangement, either the major part or the final stage (or both) of the program leading to an award of a UK institution is designed by the UK institution and delivered by the Malaysian partner. Evidently, such links are the basis of all '3+0' arrangements. In an articulation arrangement, students undertake one or two years of undergraduate study in Malaysia, and then transfer to the UK 'with advanced standing' to complete their degree programs. In common terminology, such links are known as '1+2' or '2+1' arrangements. Examples of the collaborative links between UK higher educational institutions and Malaysian private higher educational institutions are listed in Table 1.

Table 1. UK-Malaysia collaborative arrangements in the provision of higher education: some examples

Coventry University and INTI College
De Montfort University and Twintech Institute of Technology
University of Greenwich and Systematic Education Group, Petaling Jaya
University of Hertfordshire and Kolej Linton
University of Hertfordshire and INTI College
Liverpool John Moores University and Workers Institute of Technology
University of Northumbria at Newcastle and Sedaya College
The Nottingham Trent University and Workers Institute of Technology
University of Portsmouth and Frontier Management Programs, Penang
The Robert Gordon University and Institut Teknologi Pertama
University of Westminster and International College of Music

Source: QAA 1999.

Of particular interest are the agreements between Australian and Malaysian higher educational institutions, which subsequently developed as international branch campuses. As of 1998, Malaysia had 68 twinning program arrangements with Australian higher educational institutions; for comparison, Australian institutions have 49 twinning arrangements with China (PRC)-Hong Kong (49), and 36 with Singapore (Table 2).

Table 2. Twinning programs between Australian and Malaysian institutions (as of February 1998)

Curtin/ITC Management Centre
Curtin/IT Mara
Curtin/Kolej Bandar Utama
Curtin/Limkokwing Institute of Creative Technology
Curtin/Mara Institute of Technology
Curtin/Metropolitan College
Deakin/Disted College
Deakin/Limkokwing Institute of Creative Technology
Deakin/Kolej Komuniti Mertajam
Deakin/Stamford College
ECU/Institute Teknologi Mara
ECU/Kolej Damansara Utama
ECU/Stamford College
Griffith/HELP Institute
Griffith/Kolej Antarabangsa Berjaya
LTU/Kolej Komuniti Mertajam
LTU/Maktab Sains MARA Trolak
Monash/Asia Pacific Institute for Information Technology
Monash/Sunway College
Murdoch/Kolej Damansara Utama
NTU/Kolej TAFE
QUT/Inti College, Kuching
QUT/Maktab Sains MARA Trolak
QUT/Premier College
QUT/Crossfields Asia-Pacific Pte Ltd

RMIT/Adorna Institute of Technology
 RMIT/Linkokwing Institute of Creative Technology
 RMIT/Malaysia Institute of Management
 RMIT/Metropolitan College
 RMIT/Research Institute of Investment Analysis Malaysia
 Flinders/Kolej Antarabangsa
 Flinders/Sunway College
 UAdelaide/Disted College
 UAdelaide/Sepang Institute of Technology
 UNE/Kolej Bandar Utama
 UNE/Kolej TAFE Seremban
 UNSW/Institut Teknologi Mara
 UNSW/Kolej Damansara Utama
 UNSW/Makab Sains Mara Trolak
 UNSW/Universiti Kebangsaan Malaysia
 UNewcastle/AMSET
 UNewcastle/Kolej Antarabangsa, Penang
 UNewcastle/Maktab Sains Mara Trolak
 UQueensland/International College, Penang
 UQueensland/Maktab Sains MARA Trolak
 UQueensland/Nilai College
 UQueensland/PRIME College
 UQueensland/HELP Institute
 USydney/Kolej Antarabangsa
 UWA/Nilai International College
 UWA/Selangor Institute of Music
 UWA/Sunway College
 UBallarat/Country Heights Education, SDN BHD College
 UBallarat/Mertajam Community College
 USouth Australia/HELP Institute
 USouth Australia/Sepang Institute of Technology
 VictoriaU/Assunta Hospital
 VictoriaU/International City Institute of Technology
 VictoriaU/Kolej Damansara Utama
 VictoriaU/Mansor Institute of Technology
 VictoriaU/National Heart Hospital
 VictoriaU/Subang Jaya Medical Centre - Petaling Jaya
 VictoriaU/Sunway College
 VictoriaU/Universiti Sains Malaysia, Medical Faculty
 UTamania/Amsett Ltd
 UTS/Taylors' College
 UWS/Kolej Unitek Malaysia
 UWS/Universiti Pertanian Malaysia & TQM SDN BHD

Source: Adapted from Denman 2002.

Australian and Malaysian educational institutions have also developed distance learning arrangements, and from Table 3, arrangements between the two countries number 11, in comparison with 14 between Australia and Singapore, and 14 between Australia and HK- China (PRC).

Table 3. Distance learning programs between Australian and Malaysian Institutions (as of February 1998)

CSU/Systematic Business Training Centre
CSU/Western Institute of TAFE
Deakin/RECSAM
ECU/Disted College
ECU/Institute CECE
ECU/Malaysian Academy of Family Physicians
ECU/Malaysian Medical Association
SCU/Asian Centre for Development Studies
USQ/First Robotics Industrial Science Institute of Robotics
USQ/HELP, IRI Resources
USQ/Informatics Malaysia

Source: Adapted from Denman 2002.

Sadiman (2004) observes that, in the case of Malaysia, there are many colleges offering 1+2, 2+1 or 3+0 twinning programs with foreign universities as part of the TNHE structure. In the specific case of Malaysia, he notes, new private universities and branch campuses of foreign university may only be established following an invitation from Ministry of Education. Subsequently, invited foreign universities must establish a Malaysian company with majority Malaysian ownership to operate the campus. As anecdotal evidence, Sadiman (2004) highlights the following developments with respect to TNHE partnerships in Malaysia, which serve to highlight Malaysia's successes in internationalizing higher education.

- a) KL Infrastructure University College (KLIUC) has signed MOU with the New Zealand Institute of Highway Technology (NZIHT). Based on the terms of this MOU, NZIHT programs and courses in Road Technology will be delivered and made available in Malaysia.
- b) KLIUC has signed MOU with China University of Geosciences, Beijing (CUGB) whereby they cooperate and develop partnerships in the areas of geophysics, research and development, staff and student exchanges.
- c) Inti College offers 2+1 program in collaboration with University of Leeds, University of Northumbria and University of West England, Bristol.
- d) Inti College collaborates with University of Hull and University of Cardiff in offering a 1+2 program.
- e) Nilai International College offers diploma and degrees combining Business and IT, and on completion of the Diploma, students from this college can proceed to University of Northumbria, University of Central Lancashire, UK for a bachelor degree in Business Information Technology.
- f) Nilai International College also collaborates with La Trobe University, Australia, in offering bachelor degree in Business and Management.

- g) Taylor's College, in Subang Jaya, near Kuala Lumpur offers an Engineering degree program that is exclusively twinned with the University of Sheffield, UK.
- h) Trinity College offers University of Melbourne foundation studies, which serves as a pathway to a University of Melbourne degree.
- i) University of Leicester is offering doctorate of education (Ed.D) and M Sc in Educational Leadership; these programs are conducted and awarded by the University of Leicester directly while administrative support and a local campus for study schools are provided by Stamford K-Management Centre Sdn Bhd.
- j) Following an MOU signed by KBU International College (KBU), Malaysia and University of South Australia's (UniSA) School of Electrical and Information Engineering, discussion was conducted on franchising engineering sciences program from the university. Under the term of agreement, the first three years of the programs will be delivered by KBU at its campus in Malaysia, while the final year will be taught in UniSA Australia.

All of the above indicate the extent to which the government is welcoming TNHE services through collaborative efforts between Malaysian higher educational institutions and foreign providers.

The case of the University of Nottingham Malaysia (UNiM) is unique; its Malaysia campus welcomed its first students in 2000. This branch university, 'one of the first campuses of a British university to be opened outside the UK, anywhere in the world', is offering undergraduate as well as postgraduate programs in business, engineering and computer science and Information Technology. A new campus at Semenyih, Negeri Sembilan (bordering Kuala Lumpur) was ready for the 2005/2006 academic year, beginning in September (see OBHE 2002).

International branch campuses are not new phenomena but the new model that we see being applied since the late 1990s is concerned primarily with local recruitment rather than international experience and exposure for domestic students, particularly in countries faced with inadequate local provision of university places (OBHE 2002). Admittedly, international branch campuses deepen universities' commitment to international provision, moving away from dependence on local partners for delivery and towards a corporate presence, with quality assurance as one of the primary driving forces (OBHE 2002).

By the late 1990s and early 2000s there were six international branches or 'franchising arrangements with explicit ambitions towards genuine branch campus status', with Australian universities – the most prominent providers (see OBHE 2002). Currently however there are only five international branch campuses (see Table 4). RMIT University Malaysia, which began operations in 1996, ceased operations early in the 2000s due to financial and operational difficulties. OBHE (2002) notes that the predominance of Australian higher educational institutions in the TNHE scene in Malaysia is partly explained by Australia's geographical proximity to Malaysia. Malaysia has also been actively encouraging Australian universities to set-up branch campuses in the country, based on

their successful alliances and franchising arrangements with local private education providers. According to OBHE (2002), Monash University in Malaysia has partnered the SungeiWay Group, with the latter funding Monash's new Malaysian campus. The SungeiWay Group is a highly successful Malaysian conglomerate with interests in construction, manufacturing, leisure and tourism. In the field of education, the SungeiWay Group was a pioneer of twinning arrangements in the late 1980s, long before the PHEI Act of 1996. In the case of Swinburne University of Technology, the Sarawak Campus was established as the result of a dynamic partnership between the Sarawak State Government, through two of its Foundations (Yayasan Sarawak and Sarawak Higher Education Foundation), and Swinburne University of Technology, Australia. The University of Nottingham Malaysia Campus was established as an incorporated company in partnership with Boustead Holdings Berhad and YTL Corporation Berhad, along with the University of Nottingham UK. Boustead Holdings Berhad shareholders are predominantly Malaysian and its group activities are focused on the plantation sector, finance and investment, property, manufacturing and trading, and service industry (including education). YTL Corporation Berhad is one of the largest companies listed on the Malaysia Stock Exchange with a market capitalization of US\$5 billion. YTL Corporation Berhad is one of Malaysia's leading integrated infrastructure conglomerates with other activities focused on hotels and resorts, and technology incubation.

Table 4. International branch campuses in Malaysia

<i>University</i>	<i>Country</i>	<i>Branch Location in Malaysia</i>	<i>Year Opened</i>
Monash University	Australia	Petaling Jaya (near Kuala Lumpur)	1998
Curtin University	Australia	Miri, Sarawak	1999
University of Nottingham	UK	Semenyih (near Kuala Lumpur)	2000
De Montfort University	UK	Kuala Lumpur	2000
Swinburne University of Technology, Sarawak Campus	Australia	Kuching, Sarawak	2000

Source: Adapted from OBHE 2002.

OBHE (2002, p. 5) asserts that on one level, international branch campuses expand student choice and, by raising the stakes, may arguably have a long-term positive impact on the quality of in-country provision in general. In the case of Malaysia, OBHE notes that unless the developments of international campuses are integrated with the national higher education framework, indigenous private providers may be crowded-out. It is argued that students will be more attracted to courses offered by international campuses rather than in local colleges offering franchise programs.

As noted earlier, Australia and the UK are the major source countries that provide TNHE services in Malaysia and this has not changed significantly since the mid-1990s. In the case of Australia, geographic proximity may have been an important influence. Malaysia's long established relationship with the UK in the area of higher education may have played an important role in influencing the decision of higher educational institutions in the UK to operate or locate in Malaysia.

TNHE in Malaysia: Current government policy direction and concerns

While it is generally acknowledged that the presence of TNHE in Malaysia has significantly reduced outflows of currency and student, the government has instituted appropriate regulations that safeguard the country's interests. There are at least four key concerns regarding transnational provision in Malaysia, which has led to the increased regulation of the sector (see also McBurnie and Ziguras 2001; Ismail 1997; Leigh 1997; Lee 1999). The first concerns the quality of TNHE despite strict enforcement of regulations. Significant improvement in ICT has resulted in proliferation of unregulated 'degree mills'. Thus the Quality Assurance Division of the Ministry of Higher Education Malaysia was given the task of ensuring that their processes and activities cover new modes of delivery.

The fact that TNHE is not always 'visible' made it less easy to regulate as there is no local or branch campus (Campbell and van der Wende 2001). In this respect, Marchado dos Santos (2002, p. 103, citing Vlasceanu 1999) notes that the most problematic aspects of TNHE are regulations, covering the various legislative, cultural and linguistic consequences of partnerships or other educational arrangements; quality assurance (the assurance of quality and standards of both the study programs provided and the degrees awarded through collaborative partnerships); and recognition (the recognition of qualification awarded through transnational collaborative partnerships). The second area of concern relates to the use of English, which may exacerbate social divisions within Malaysian society. It is primarily because of this that the government mandated private higher education institutions to ensure provision for operating in Bahasa Malaysia (the national language). The third area of concern revolves around the issue of graduate employment and the competencies/skills that are required by an expanding economy such as that of Malaysia. It is argued that the curriculum of foreign transnational providers must meet the human resource needs of the national economy, as outlined in vision 2020, the national plans and the industrial master plans. Fourth, the government is highly concerned that the vocational focus of private education, in particular transnational providers, may not prepare graduates with appropriate moral and ethical values, which are considered to be very important in multi-cultural and multi-ethnic Malaysia. For this, private providers were required to provide for the teaching of Islamic Studies to Muslim students and for moral education for non-Muslims. Recently, Ethnic Relation was introduced as a compulsory subject to be offered to students at all higher educational institutions.

While it is to be expected that the decision to operate in Malaysia is purely for profit (for the foreign providers and their Malaysian counterparts), a good TNHE partnership would normally involve staff and curriculum development activities (Campbell and van der Wende 2001, p. 11). Admittedly, as rightly noted by Campbell and van der Wende, such a partnership will afford all participants the opportunity to share experiences of different approaches to teaching and learning.

More importantly, from the view points of private indigenous providers, their reputations and status have been enhanced through TNHE partnerships.

Concluding remarks

The realization in the early 1980s that the government would be unable to educate at the tertiary and higher levels a significant proportion of Malaysians prompted a different approach to higher education provision in Malaysia. This, coupled with the objective of turning Malaysia into a regional education hub and in the process also realizing the export potentials of education services, subsequently led to introduction of the PHEI Act, 1996. This act allows greater private sector participation in higher education provision in Malaysia. The growth and development of TNHE services in Malaysia, and in particular international branch campuses of UK's and Australian universities, were the product of long standing franchise and twinning agreements between educational institutions from these countries with Malaysia. Their establishment was made possible with the passage of the 1996 Act and its subsequent amendments. This Act provided the necessary framework to regulate TNHE services in Malaysia, bearing in mind many questions regarding quality assurance relating to this type of provision. Regulations in place, transnational higher education provision was generally regarded in a positive light, making an important contribution to improved access to higher education in Malaysia. This is particularly so with respect to international branch campuses. In a way, TNHE services operating within the Malaysian higher education framework have contributed significantly to diversification of the Malaysian higher education system; helping Malaysia to further develop the internationalization of higher education and international co-operation. Admittedly, while a profit line is a major concern of the TNHE providers (and all other private sector providers) sensitivities to Malaysia's unique socio-cultural and political situation and its requirements may in the long-run benefit transnational providers, local partners and Malaysia. TNHE services, in particular international branch campuses, are recent phenomena in Malaysia. While there are latent tensions between the national (private sector) and TNHE services, these have been significantly reduced through legislation. As of now, TNHE services are provided in relation to the national higher education system in Malaysia. While accepting that there are loopholes in regulations, a dynamic system would be able to plug these gaps and introduce changes in line with the changing institutional structure and modes of delivery of TNHE services. It is important to note that the approach taken by the Malaysian government – that is, to consider in positive light the existence of TNHE (in particular the international branch campuses) – has narrowed quite significantly the gaps in demand and supply in higher education in Malaysia. In addition, these institutions have helped Malaysia to position itself in the regional higher education sector, by moving confidently along a path towards becoming a regional hub in education services. Thus, Malaysia attempts to balance the benefits and concerns of TNHE services through both legal and administrative

means. There were significant changes in the law though at the same time practical solutions were also sought. However, Malaysia has yet to put on record “best practice” on dealing with the less ‘visible’ forms of TNHE.

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The quest for a regional hub of higher education: Transnational higher education and changing governance in Singapore

KA HO MOK

Centre for East Asian Studies, University of Bristol, United Kingdom (E-mail: KH.Mok@bristol.ac.uk)

Abstract. With particular reference to the most recent education reforms and to changes in higher education governance in Singapore, the principal goal of this article is to examine how Singapore, one of the East Asian Tiger economies, has attempted to diversify its higher education system by developing ‘transnational education’ in the city-state. In order to enhance its global competitiveness, the Singapore Government has adopted more pro-competition policy instruments and encouraged development of transnational education in the city state. The article examines the significance of higher education being developed as business and industry in Singapore, exploring how such changes and restructuring activities have affected the regulatory regime and governance of higher education in Singapore.

Introduction

The rise of the knowledge economy has generated new global infrastructures such that information technology has performed an increasingly important role in the global economy. The popularity and prominence of information technology has indeed changed the nature of knowledge, and it is currently restructuring higher education, research and learning. The changes in the socio-economic context resulting from the globalized economy have inevitably led to changes not only in the university sector but also in the school sector. The principal goal of this article is to examine how Singapore, one of the East Asian Tiger economies, has attempted to diversify its higher education system by developing ‘transnational education’ in the city-state. With particular reference to the most recent education reforms and to changes in higher education governance in Singapore, this article focuses on the strategies that the Singapore Government has adopted to enhance its global competitiveness, especially its choice of more pro-competition policy instruments and encouragement of development of transnational education in the city state. The article will also examine the significance of higher

education being developed as business and industry in Singapore, exploring how such changes and restructuring activities have affected the regulatory regime and governance of higher education in Singapore.

Globalization challenges and restructuring education in East Asia

Economic, social and political developments in East Asian societies, like other parts of the globe, have been increasingly influenced by the growing impact of globalization (Mok and James 2005). In order to enhance their global competence in the global market place, governments in Hong Kong, Singapore, Taiwan, South Korea, Japan and mainland China have started to review their education systems. Different reform measures have been introduced to improve their overall quality of education in order to enhance their competitiveness in the context of the globalizing economy (Mok 2003a, b). When analyzing recent higher education transformations in East Asia, we should take the impact of the East Asian financial crisis after 1997 into consideration, especially examining how economic downturn in the post-crisis era led to changes in the economic, social and political arenas. Such post-crisis transformations and changes should have shaped the way education policy is formulated and the strategies that these Asian governments have adopted in coping with globalization challenges (Holliday and Wilding 2003; Mok 2006). Seeking to create more quality education for their citizens but with only limited financial resources, modern universities have started to change their governance paradigm by adopting a doctrine of monetarism, which is characterised by freedom and markets replacing Keynesianism (known as static options) (Apple 2000). Like their western counterparts, revitalizing the role of family and individuals and involving the private sector, the market and other non-state sectors in delivery of education service are becoming increasingly popular in East Asia (Mok 2005a).

Therefore, privatization of either the whole, or parts of, educational institutions, or indeed of sectors of education, (and other areas of social activity), is often now an instrument of economic and social (including education) policy, as is a more user-pays philosophy in education (World Bank 1995a, b; Mok 1999). In many societies, even including socialist states such as Vietnam and China, this has been part of a wider set of changes, whereby foreign direct investment is encouraged. Public sector activity has been pruned, often substantially and public sector wages held down, while private economic activities are encouraged within a climate of increasing de-regulation, and the economy reshaped towards more export growth oriented industries and away from state responsibility for areas of social policy such as health, transport, communications and education (Mok and Welch 2003). In turn, state ministries and other public authorities are increasingly subjected to efficiency principles, and made to compete, as though they were private industries (Welch 1996, 1998).

It is against this wider policy context that an increasing number of institutions of higher learning are being established with new missions and innovative configurations of training, serving populations

that previously had little access to higher education. Nonetheless, the rapid expansion of higher education in the past few decades in many countries has also given rise to social concern about quality assurance. To address the issues related to massification of higher education, higher education institutions are required to set up systems to maintain high academic standards. Meanwhile, higher education institutions are required to improve their administrative efficiency and accountability in response to the demands of different stakeholders, such as government, business, industry, and labour organizations, students and parents as well (Currie and Newson 1998; Mok and Welch 2003).

Enhancement of international competition and new governance in education

Education policy, management and governance, like other public policy domains, are not immune from the growing pressures for improving service delivery and better governance. This is particularly true when East Asian states confront the growing impacts of globalization and seek to improve governance in public policy and public sector management (Cheung 2005; Kaufmann et al. 2005). In order to make individual nation-states more competitive, schools and universities across the globe have been under tremendous pressures from government and the general public to restructure/reinvent education systems in order to adapt to the ever-changing socio-economic and socio-political environments. Such changes are accelerated when more governments are exploring the use of additional resources from civil society or the third sector. One seminal work shows an increasing number of countries have started to revitalize the engagement in education of non-state sectors, including the market, the community, the third sector and civil society (Meyer and Boyd 2001). Scholars who support the diversification of education services point out the problems with such state action in education. Reconsidering society-based traditions of education as represented by writers such as Humboldt, Jefferson, de Tocqueville, or Mill seems timely and appropriate under the conditions of cultural pluralism (Meyer 2001). The myriad social ties that connect actors in a community – in the case of education, students, parents, teachers, and neighbours – could generate rich social resources as ‘social capital’ that modern education systems could tap into/use (Coleman 1990).

The trends discussed above in the realm of education are consistent with those in other public policy domains where notions such as ‘co-production’, ‘bringing society back in’ and ‘coordinative relations’ between state, society and non-state sectors are stressed. Not surprisingly, the non-state sectors now share more power of control and influence in governing education policy and educational development. ‘Co-arrangement’, ‘co-production’ and ‘co-management’ relationships between the state and non-state sectors (including the market, the community, the family, the individuals and other social forces) are experiencing changes, hence evolution of new coordination efforts and governance modes are urgently needed. As Salamon has rightly suggested, the proliferation of policy tools and

instruments requires ‘an elaborate system of *third-party government* in which crucial elements of public authority are shared with a host of nongovernmental or other-governmental actors, frequently in complex collaborative systems that sometimes defy comprehension’ (2002, p. 2). Therefore, public-private partnerships in running the public sector or in delivering social services have started to take shape in different countries (Klijn and Teisman 2003; Reeves 2003; Broadbent et al. 2003).

Enhancing global competence and transnational higher education

Despite the fact that positions have been polarized during discussions on international trade in tertiary education in recent years (Ziguras 2003), transnational education has become increasingly popular, especially when national governments in East and Southeast Asia have attempted to diversify their higher education systems and attempted to internationalize higher education in their countries. The term ‘transnational education’ is generally defined as one ‘in which the learners are located in a country different from the one where the awarding institution is based’ (UNESCO and Council of Europe 2000). In the 1990s, the demand for transnational education in East and Southeast Asia was high, particularly in Hong Kong, Singapore and Malaysia when these Asian economies attempted to increase higher education enrolments: the state capacity of these Asian states was insufficient to provide the additional higher education opportunities (Ziguras 2001). According to estimates of the *Global Alliance for Transnational Education* in the late 1990s, the demand for transnational education in Asian countries will increase to more than 480,000 students by 2020. Many of these higher education learning opportunities will be delivered through offshore branch campuses, twinning arrangements or international distance education, while students enrolling in transnational education will inevitably rely heavily on information and communication technology (Bates and de los Santos 1997).

Singapore, like other East Asian states such as Hong Kong and Malaysia, is very keen to develop itself as a regional hub of higher education. In order to turn this goal into reality, the Singapore Government in recent years has started to conduct a comprehensive review of its higher education systems. Based upon international consultancy reports and advice, the government has launched different phases of higher education reforms. The choice of more ‘pro-competition’ policy instruments in improving the governance of higher education in Singapore is central to the reform strategies. In addition, the Singapore Government has selected a few major and reputable overseas universities and invited them to set up branch campuses in Singapore, while the national universities have been going through the experiences of corporatization and marketization. In order to increase higher education enrolments in promoting the global competence of its citizens, the government has also allowed the growth of ‘transnational higher education’ in Singapore. The following account is focused on the policy background, recent higher education reform strategies and changes in

governance, as well as examining how transnational higher education has developed in the city-state.

Strategies for becoming a regional hub of higher education in Singapore

A better understanding of the evolution and the current developments of ‘transnational higher education’ in Singapore can be obtained by contextual analysis of how transnational higher education has contributed to higher education development in Singapore. In the following account, the policy background for growth of transnational education, recent higher education reforms and changing higher education governance in Singapore is examined. With a focus on how higher education has been developed as business and industry, the discussion identifies the major reform strategies that the Singapore Government has adopted in making its higher education systems more diversified and responsive to rapid socio-economic changes. Most importantly, the discussion also focuses on how transnational higher education has contributed to overall higher education developments in Singapore.

Policy background

Higher education policy and development in Singapore has been affected by the socio-economic changes generated by external and internal environments. Being a small city-state and an open economy, Singapore has never isolated itself from changes resulting from the challenges of globalization. The ruling People’s Action Party (PAP) has consistently made the whole of society well aware of potential challenges and threats in both regional and global contexts (Quah 1999).

In order to compete with globally advanced economies such as Japan, the United Kingdom and the United States, the previous Prime Minister Goh Chok Tong announced *Thinking Schools, Learning Nation*, a blueprint for reforming the education system in Singapore in June 1997. The concept of ‘thinking schools’ entails education institutions developing future citizens capable of engaging in critical and creative thinking. The concept of ‘learning nation’ emphasizes that education is a continuum from the early childhood years through the whole of one’s life. Education reforms require a change of mindset among Singaporeans to bring about a spirit of innovation: learning by doing and self-improvement in order to achieve the ambition of national excellence (Goh 1997). Realizing that future economic competitiveness depends very much upon creativity and innovation, the Singapore government is attempting to change people’s mindsets through the reform of its education system. Therefore, various government initiatives have been developed in recent years to promote independent thinking skills and creative expression (FitzPatrick 2003).

In 1999, the Singapore government published a report entitled *Singapore 21: Together, We Make the Difference*, highlighting how the island-state might cope with the emergence of a knowledge economy in the twenty-first century. In the borderless knowledge economy, knowledge and

information are changing fast. A lot more brain than brawn is required for work and lifelong learning is essential for human resources (Singapore Government 1999, pp. 9-10). The Singapore government has identified globalization and the information technology revolution as the two driving forces behind changes required in the new century. Besides increased flows of trade and investment, globalization is also about flows of people, ideas and knowledge. Globalization is not a choice but a necessity. It means new markets, increased investments and opportunities. Education plays an important role in preparing citizens to manage the impact of globalization. At the same time, the government envisages the need to prepare workers and the next generation for lifelong learning and employability (Goh 1999). On the other hand, the forces of globalization challenge the powers of government, as civic groups and non-governmental organizations will want to play a bigger role in governance. With the advent of a knowledge economy, skills, creativity and entrepreneurship will command a premium. Education has to be relevant to the needs of society by bestowing on the younger generation with their culture and heritage a capacity to understand the complexities and the potential of globalization in order to compete and live in the global village (Goh 2000).

Apart from the impacts of globalization and the potential pressures generated from the regional environment, Singapore's higher education developments have been affected by the wider public sector management reforms taking place in the city-state. The PS21 Project, a reform package aimed at reinventing the public administration of Singapore, has been started by the government to pursue total organizational excellence in public service, to foster a culture of innovation and enterprise, and to cultivate a spirit of openness, responsiveness and involvement (PS21 Office 2001). The dominant current theme of this project is cultivation of a culture of entrepreneurialism among civil servants by making them aware of the importance of creativity and innovation (PS21 Office 2001). In addition, the Quality Movement in the city-state increasingly shapes higher education development in Singapore. SPRING Singapore, an institution responsible for promoting high-quality services in Singapore, has been adopting market principles and practices to assure high quality of services offered by both the private and public sectors. Organizations that can reach a certain quality benchmark will have their achievements recognized and certified by SPRING Singapore in the form of Singapore Quality Class awards (Mok 2003b). Hence, the latest higher education reforms and governance changes should be connected to wider public sector reform and Quality Movement taking place in Singapore.

Most recent higher education reforms

Seeing the quality of its population as fundamental to further success of the city-state, the Singapore government has been aware of the importance of higher education quality. Since the late 1980s, the government has started various comprehensive reviews of its higher education system and different reform strategies have been adopted to strengthen and make higher education competitive in the regional and global contexts. The Singapore government believes that universities have a strategic

role in the dissemination, creation and application of knowledge. With the ultimate aim of making the two existing public universities, the National University of Singapore (NUS) and the Nanyang Technological University (NTU), 'world class' higher education institutions and expanding tertiary education opportunities for its citizens, there are two main policies for the future development of higher education in Singapore. One is to expand postgraduate education and research at the universities; the other is to review undergraduate curricula, placing more emphasis on cultivating students with creativity and thinking skills. The ultimate goal of reforming university education is to transform Singapore into a hub of education, learning and information in the Asia-Pacific region (*The Straits Times* 25 January 1997). Apart from restructuring of curricula, more emphasis has been placed on quality assurance and enhancement.

There have been three major stages of higher education reform in recent years. The first stage was started by setting up an International Academic Advisory Panel (IAAP), comprising prominent scholars from international higher education institutions or community leaders from big corporations, to help the universities develop into world-class institutions in terms of teaching and research (Ministry of Education 2001). Taking the recommendations made by the IAAP seriously, the government started to review its university admissions system by adopting a more flexible admissions policy (Ministry of Education 1999). Moving beyond recruiting students, based almost solely upon their academic scores, both the public universities announced in 1999 that they would henceforth pay attention to students' non-academic performance and recognize their achievements in co-curricular activities and school-based project work.

In order to prepare and equip students for the challenges of globalization, the Singapore government has reviewed curriculum design of university education. Emphasis is now placed on a broad-based cross-disciplinary university education (*The Straits Times* 13 August 1999). More innovative ways of teaching and assessment have been introduced with a focus on creative and critical thinking. Meanwhile, the role of universities in knowledge creation has been strengthened through postgraduate and research education in the universities. By enhancing their research capabilities and engaging in more multi-disciplinary research initiatives, universities constitute a significant resource of new ideas and inventions with potential for commercial applications (Lee and Gopinathan 2001).

The second stage of higher education reform saw the establishment of Singapore's third university in August 2000. The privately owned Singapore Management University (SMU) was formed in collaboration with the Wharton School of Business at the University of Pennsylvania. The foundation of the SMU was a landmark in Singapore's higher education history. By introducing a different style of governance and funding, the government intends to make its higher education sector more vibrant and dynamic. It also intends to inject a certain degree of 'internal competition' into the university sector, despite the fact that these three universities have been tasked to develop their own unique characteristics and niches (Lee and Gopinathan 2001).

The third stage of higher education reforms is closely related to a University Governance and

Funding Review (UGF Review) in 2000 undertaken by the MOE, Singapore. The purpose of such a review was to ensure that systems and structures were properly linked to their long term mission and development objectives in relation to talent management, organizational processes and resource allocation within the universities. Overseas study trips to Hong Kong, Canada, the United Kingdom and the United States were conducted in September 1999 to identify good practices in overseas universities (Ministry of Education 2000a).

The review committee released its recommendations on public university governance and funding in July 2000. In exchange for greater autonomy, the NUS and the NTU were urged to be more responsive in making timely decisions and adjustments in order to achieve excellence. At the same time, the universities had to put in place systems and structures of talent management, organizational processes and resource allocation to achieve highest value for money and rates of return from public investment in university education. In short, to ensure an efficient and effective way of spending public funds, given further operational autonomy, the universities had to adhere to the principle of greater accountability. Three broad areas of governance principles and structures, funding policies and mechanisms, and staff management and remuneration were covered in the review. In order to foster an entrepreneurial climate and to leave more room for the institutions to manage their funds, the universities were urged to recruit and reward their staff according to their performance in terms of productivity and quality (Ministry of Education 2000b). In 2003, the Trade and Industry Ministry announced it would consider allowing a fourth university to be set up as a branch campus of a foreign university. As discussed earlier, the Singapore government has engaged in ‘partnerships’ with overseas universities to establish more undergraduate education programmes to cater for higher educational needs of local Singapore people and other nationals coming from the region (Lee and Gopinathan 2004).

Corporatization of public universities

After the UGF Review, NUS and NTU were given some operational autonomy, especially in terms of staff remuneration and through a block budget for recurrent expenditure. The internal governance structures of the universities were also strengthened, with university Councils encouraged to play a role in providing input to strategic planning, ensuring that the university is progressing according to its strategic plans and stipulated objectives, and overseeing the internal quality assurance systems. However, as statutory boards, NUS and NTU still have to refer to the Government for approval each time they want to make an important decision, for example, changing their core admission requirements or investing in capital projects. Having reflected upon changing models of university governance and evaluated the recent experiences of SMU, coupled with the recommendations from the Steering Committee of *University Autonomy, Governance and Funding Review* (UAGF), the

Singapore government decided to reform the style of governance of the existing public universities.

In January 2005, the Ministry of Education (MOE) in Singapore issued a press release, accepting the recommendations of the Steering Committee of UAGF to make NUS and NTU more autonomous by being corporatized as not-for-profit companies, similar to how SMU is currently run. According to the MOE Singapore, ‘as autonomous universities, NUS, NTU and SMU will be given greater flexibility to decide on matters such as their internal governance, budget utilization, tuition fees and admission requirements... these flexibilities given to our universities will enable them to differentiate themselves and pursue their own strategies to bring about the most optimal outcomes for their stakeholders’ (MOE, Singapore 6 January 2005, p. 1). By incorporating these state universities, the Singapore government hopes that universities on the island state could become more entrepreneurial. Key governance changes when public universities are incorporated will allow them to become:

- free from the operational regulations and constraints imposed on statutory boards;
- more administratively and financially autonomous;
- more accountable to different stakeholders in the local community;
- more responsible for the key decisions affecting university directions and strategic developments;
- more rigorous in terms of internal quality assurance systems;
- more flexible in student admissions and tuition fees policies;
- more decentralized with more power for deans, department heads and faculty members;
- more performance-driven with assessments to be developed that will inform government’s funding decisions; and
- more resourceful as the government will continue investing in public universities (MOE, Singapore 2005a).

The belief is that once the public universities in Singapore are incorporated, a greater sense of ownership among the larger university community will be cultivated. As the MOE of Singapore suggested, ‘the contributions and support of this larger community, building on the strong government support, will go a long way towards helping our universities achieve peaks of excellence’ (MOE, Singapore 6 January 2005, p. 1). One point that deserves particular attention here is that the proposed corporatization project in Singapore’s public universities does not mean that these universities, when incorporated, will become entirely independent from the state. The MOE makes its relationship with incorporated universities very clear in the UAGF Review Report,

“Even as we seek to devolve greater autonomy to NUS, NTU and SMU, **we remain mindful that our universities are vital national institutions and they have a public obligation to**

fulfill. They contribute to Singapore's progress and development through providing quality education, and knowledge creation. Hence, we need to ensure that our universities' missions remain firmly aligned with our national strategic objectives. At the same time, our Steering Committee proposes that the Minister for Education appoint the university Council members. In addition, the Steering Committee recommends that an enhanced accountability framework for universities be introduced, comprising the existing Quality Assurance Framework for Universities (QAFU), and the proposed Policy and Performance Agreements between MOE and each university" (MOE, Singapore 6 January 2005, p. 1, bold was original).

In short, the above paragraph clearly shows even when public universities in Singapore become 'corporatized'; they would never become entirely autonomous. Judging from the future relationship between the government and the universities spelt out in the quoted paragraph, public universities will certainly enjoy far more operational autonomy but the government will still control/influence their strategic directions and major development plans through appointments of Council members. Corporatization strategies, seen in this light, are adopted as policy tools partially to reduce government's burden in financing higher education but also to introduce further forces making the public universities more productive and proactive.

Transnational education in diversifying higher education provision

In order to develop Singapore as a regional hub of higher education in East Asia, the MOE in Singapore has attempted to expand more local university places for Singaporeans, from 21 % of each primary one cohort in 2003 to 25 % by 2010. Believing the higher education system in Singapore should be made more flexible and diversified to cope with globalization challenges, the MOE will put in place a new higher education governance model with an emphasis on flexibility and autonomy in finance and management to ensure its publicly funded universities will be well governed and resourced. In addition, the MOE is prepared to provide a wider choice of university education beyond the state-funded sector through reputable private universities (Shanmugaratnam 2005). According to Mr Tharman Shanmugaratnam, Minister for Education in Singapore, the future landscape of higher education in Singapore will become far more diversified, especially when we view the development of transnational higher education and the newly proposed 'corporatization' of national universities together.

One of the major strategies that the Singapore Government has adopted in developing the city-state into a regional hub of higher education is to develop 'transnational education'. According to Garrett (2005), Singapore is one of the largest markets for transnational higher education in the world. It is a particularly important education market for Australian and U.K. universities. Early in the 1990s, the Singapore Government began fostering private sector funding and provision in higher education.

There are two major types of 'transnational education' in Singapore: first, 'external' distance education programmes; and second, foreign university branch campuses (Ziguras 2003).

A) External distance education programmes

Leading private institutions, such as the Singapore Institute of Management (SIM), are major local partners in collaboration with overseas academic institutions in offering university education in Singapore, either for local students or students from overseas. In addition to SIM, the TMC Centre for Advanced Seminars in Singapore also offers short and diploma courses and it has acted as a local partner for distance learning programmes offered by overseas universities such as Monash University, Deakin University, the University of Newcastle and the University of London. Since the 1997 Asian financial crisis, the number of student enrolments in these foreign university programmes has increased in Singapore (Patton 1999). While not being an academic institution offering any formal teaching, the TMC Centre has provided a wide range of activities to students enrolled in international distance education programmes, such as facilities that can enable students to engage in studying these overseas degree and professional training programmes (Ziguras 2001). Other than these two institutions, there are quite a few privately run academic institutions, acting as agents for overseas universities in offering distance learning programmes for both local Singaporeans and students coming from elsewhere in the region or abroad.

According to official statistics, in Singapore the current 20-to-24 year age group is the smallest in 30 years, especially compared with the growth in the ageing population in Singapore. Recent census data suggest that the school-leaving cohort will rise again over the next five years, peaking around 2010, before falling back. The mid-1980s school-leaver boom saw the beginnings of transnational higher education in Singapore. At that time, the government was keen to expand higher education enrolment but its capacity was not sufficient to meet the educational needs. For this reason, the Singapore Government allowed overseas institutions to offer university education in Singapore. Hence, despite a period of steady decline of cohorts post-1985, the transnational market in Singapore still expanded significantly due to an increase of participation in tertiary education from 8 percent of the age cohort in 1985 to 15 percent in 1990. Official statistics show that the number of such programmes and total student enrolments has steadily grown from the mid 1980s when the first distance education programme was launched. From merely after the East Asian financial crisis in 1997 to 1999, student's enrolments in these distance education programmes increased from 13,990 to 25,400 (Singapore Department of Statistics 2001). According to most recent statistics in 2005, there are 170 private tertiary providers with 119,000 students, and around 75 % of these students are studying on foreign joint/affiliate programmes. Many of these students are lifelong learners: 35 % of them are over 30 years old and 30 % are about 25-29 years old. Among these private overseas higher education providers, some of them are leading universities in the world, such as Wharton and INSEAD (Garrett 2005; Perkinson 2005).

It is noteworthy that around 55 % of students in these external programmes mainly enrolled with British institutions, while about 44 % were with Australian institutions in 1998. The largest market shares were with the UK Open University, the University of London, RMIT, Monash University and Curtin University (Garrett 2005). Other than these major overseas universities offering external degree programmes, there were around 50 more institutions competing in the education market in Singapore during the late 1990s. Distance learning programmes were not monopolized by overseas universities: they were also offered by private institutions such as professional associations like the Singapore Institute of Marketing, the Institute of banking and Finance and the Singapore Nurses Association, by private colleges such as informatics and the TMC Education Group, and by foreign organizations operating in Singapore like the British Council and IDP Education Australia. Putting the figures together, we can well argue that these transnational higher education programmes have played a very significant role in meeting the education needs of local and overseas students in Singapore. It is particularly true when the state capacity of Singapore has not been strong enough to mount all higher education programmes through state-funded universities/institutions alone. Therefore, these transnational higher education programmes have played a very important role in assisting the island state to achieve the policy goals of expanding higher education enrolments and offering a diversity of choices in meeting students' educational needs (Ziguras 2003).

B) Existing foreign university campuses

Since the mid-1990s, the Singapore Government has tactically and strategically invited 'world-class' and 'reputable' universities from abroad to set up their Asian campuses in the city-state. This approach began to pay dividends in 2000 with the establishment of two foreign universities campuses in Singapore, namely INSEAD and the University of Chicago Graduate School of Business (McNulty 2000). The *INSEAD Asia Campus* provides a full range of the services and activities that are offered at its Europe (Fontainebleau) campus. Academic areas of this institution include Accounting and Control, Decision Sciences Risk Management, Economics and Political Science, Entrepreneurship and Family Enterprise, Finance Capital Markets, Marketing, Organizational Behaviour Leadership, Strategy, and Technology and Operations Management. In terms of academic programmes, INSEAD offers courses such as MBA, Executive MBA, Executive Education and PhD training. Currently, there are 34 permanent faculty members and around 81 administrative and research staff working on the Singapore campus (Shanmugaratnam 2005).

The second one is the *University of Chicago Graduate School of Business, Asian Campus*. The Chicago Graduate School of Business was founded in September 2000, the first business school with permanent campuses in Asia, Europe and the U.S.A. The Asian campus offers an executive MBA programme taught by the same faculty members of the School as at the Chicago and Barcelona campuses. Unlike regular academic programmes, students enrolling in this MBA programme have 16 one-week modules spread over 20 months, allowing business executives to continue working full time

and to travel from throughout Asia to attend classes. In addition, the Asian programme also enables students to take classes in the Chicago and Barcelona campuses. Therefore, students can engage in a wide and global network all over the world in discussing and reflecting upon international and global business. In 2005, there are around 84 students enrolled in the Asian campus, including top executives from 15 countries throughout Asia such as Japan, China, India and Australia; some of them are from the U.S.A. and Europe.

C) Future developments

The University of New South Wales (UNSW) Asia will be founded in Singapore as the first wholly owned and operated research and teaching campus of a foreign university established by an overseas institution. Through a due diligence process, the Singapore Government decided to invite the University of New South Wales from Australia to set up an Asian campus on the island-state as part of its long-term plan to build the city-state as a regional education hub. Unlike other existing overseas campuses in Singapore, *UNSW Asia* will provide a wide range of undergraduate, postgraduate and research programmes. In its inception phase, *UNSW Asia* will operate under an international model based on two academic clusters, namely science, engineering and health; and commerce and humanities. The target students are international students or students from elsewhere in the region, plus around 30 % local Singaporeans. Believing Singapore's favourable geographical position would attract students not only from Asia but also from Europe and the U.S.A., the newly proposed University places significant weight on international student exchange programmes and joint courses.

In order to attract students from diverse backgrounds, *UNSW Asia* is planning a Foundation Studies programme in January 2006. The 40-week pre-university programme will prepare students for undergraduate study and university English. In addition to the teaching programmes, *UNSW Asia* is keen to raise its research profile by developing research programmes involving staff from Singapore and Sydney in collaborative research projects. Showing its commitment to the new project, the Singapore Government has designated a special plot of land to set up a permanent campus for *UNSW Asia*. The future campus of the new University will be a tropical campus, being built on a Greenfield site at South Changi, adjacent to the Expo MRT Station, the new Singapore Convention Centre and a business technology park. Based upon the internationally acclaimed architect Kerry Hill's master plan, *UNSW Asia* will be a campus of a 'garden university for a garden city'. More importantly, the UNSW will work in partnership with other established universities in Singapore, engaging also with other prestigious institution in the polytechnic sector, colleges and schools and even working with other foreign universities. The mission of this new academic institution is to extend beyond education to commerce and industry through its significant research output, high-level analysis and high-calibre graduates (Shanmugarantnam 2005).

Developing higher education as industry and business in Singapore

Early in the late 1990s, one of the strategic directions for Singapore is to develop higher education as an industry. In 1998, the Economic Development Board (EDB) launched a plan to attract more than ten 'world class' universities such as Massachusetts Institute of Technology (MIT), Johns Hopkins University, and Georgia Institute of Technology to develop significantly in the city-state. In September 2002, the Ministry of Industry and Trade published a new policy entitled *Developing Singapore's Education Industry*, making attempts to develop education as a business for Singapore. With Singapore's signing the GATS and the rapid growth of transnational higher education, the government is certainly committed to position the city-state as a regional hub of higher education (Lee and Gopinathan 2005). It explains why the establishment of these foreign branches has been celebrated by the Singapore Government, which has made a point of the fact that Singapore wishes to attract a small number of elite foreign universities to establish operations Ziguras (2003). Attracting these 'world class' institutions is part of the government's plan to turn Singapore into an exporter of high quality education.

During interviews with officials from Ministry of Education in Singapore, Mr. Soh Sze Wei and Mr. Ong Chun Kiat, senior Head of Policy Section of the Ministry, expressed the views that the Singapore Government is very keen to diversify higher education services and that selection of a few major and prestigious universities to set up their Asian campuses in Singapore can certainly strengthen the island state's leading role in the regional higher education market. They even confirmed that the Economic Development Board of Singapore has become heavily involved in developing the policies and strategies in inviting these private 'world class' universities to set up their operations in Singapore. Believing that the strategy could attract and develop high quality human resources for Singapore in coping with the challenges of a knowledge-based economy, the Singapore Government has decided to allow these private universities to grow and develop to contribute 25 % of total higher education enrolments (Interviews conducted in Singapore, 8 December 2004).

In addition, with development of these private universities, coupled with the new governance model from corporatizing the national universities, the government wishes the long-term structure of the university sector in Singapore to achieve the following guiding principles:

- diversity;
- healthy competition;
- maintaining and enhancing quality; and
- robustness.

The Singapore Government also believes, with the introduction and development of high quality

private universities in Singapore, students will have better options and that the whole university sector will benefit when positive ‘internal competition’ is introduced (Interviews conducted in Singapore, 8 December 2004). One of the major issues when analysing ‘transnational higher education’ in Singapore is whether the government will reduce its capacity in governing the university sector. In the case of ‘transnational education’, the government would have to relinquish some of its ability to pick and choose new universities if it was to commit under GATS to placing no restrictions on market entry. When deciding which universities will be selected and invited to set up their branch campuses in Singapore, the government needs to work out a clearer and more transparent framework. Similar to the position of New Zealand, a national commitment for private higher education would require the Singapore Government to treat foreign universities ‘no less favourably’ than it treats the local universities in the city state (Ziguras 2003).

When examining the regulations governing all this ‘transnational education’ in Singapore, “cross-border delivery through distance education and online courses that do not have a local presence in Singapore do not require approval. Foreign programs offered by a local partner institution must obtain permission from the Ministry of Education. The awarding university and the local partner must provide detailed information pertaining to the university’s capacity to deliver the course in Singapore at an equivalent standard to the degree that is offered in the home country” (Ziguras 2003, p. 100). As regards the responsibility of the Ministry of Education in Singapore in relation to these overseas university programmes, the ministry is adamant that ultimate responsibility rests with the foreign university. The official regulation specifies that:

“It is important to note that the programme originates from the [foreign degree-awarding] educational institution concerned which is responsible for its every aspect, including matters relating to curriculum, course structure, admission criteria, academic rigours, programme quality, teaching standard and assessments/examinations” (MOE, Singapore 2001, cited in Ziguras 2003, pp 100-101).

In order to make clear the division of labour and responsibilities between the local partners and overseas degree awarding institutions, MOE only allows the local agents/partners to offer administrative support instead of engaging in any teaching and learning activities. The MOE makes its position very clear that:

“The local parties, whether they are professional bodies or business organizations, provide the overseas educational institutions infrastructure support such as in the provision of requisite physical facilities and other logistics, promotion/publicity connected with student recruitment drives, liaison between the programme provider and their students here, etc.” (MOE, Singapore 2001, cited in Ziguras 2003, p. 101).

Despite the regulations outlined above, it is still difficult to know whether in reality local partners are entirely forbidden from engaging in any teaching and learning activities. As Ziguras suggested, local tutors employed by the overseas institutions have been engaged in teaching tutorials and even given lectures on some occasions. Such observations seem to challenge the regulations specified by the Singapore Government. Since there are no publicly available guidelines for external programmes, it is very difficult for us to see how strict the government could be in regulating these external programmes, especially when MOE assesses each application on a case-by-case basis (Ziguras 2003).

On this issue, the Singapore Government should develop clearer guidelines and regulations in governing transnational higher education. The rapid development of these external degree programmes, coupled with the highly selective 'world class' universities establishing their campuses in the city-state, have changed the university landscape. Analyzing the recent developments in transnational higher education in a wider context of marketization and corporatization of higher education in Singapore, it is clear that the Singapore Government is determined to adopt more pro-competition and indirect public policy instruments in providing and delivering higher education services. Would the adoption of more 'pro-competition' policy instruments weaken the control of state in education? Would the Singapore Government change the governance model and regulatory regime in higher education? The following sections will examine issues related to changing the governance and regulatory regime in Singapore's university sector.

Discussion: Pro-competition policy instruments and new regulatory regime?

The revitalization of non-state actors and the proliferation of actors in education provision and financing imply potential governance contributions from private or non-state sectors that might compensate for the decreasing capacities of nation states to provide education services. Despite the fact that we do not suppose a hollowing-out of the state, the increase in non-state and private contributions to education will certainly challenge as inappropriate the conventional regulatory arrangements in the higher education sector. A major shift of national politics, from maximizing welfare to promoting entrepreneurial culture, innovation and profitability in both the private and public sectors, has led modern states to adopt the techniques of steering from a distance. Through adopting the means of regulations, incentives and sanctions to make autonomous individuals and quasi-governmental and non-governmental institutions, such as universities behave in ways consistent with their policy objectives, new regulatory frameworks have evolved (Marginson 1999; Henry et al. 1999).

In an age of governance, there are two central features of modern pro-competition regulatory regimes. First, 'pro-competitive' regulations prefer removing regulation from the realm of politics and establish independent regulatory agencies. Second, interactions based on interdependence between

public and private actors have grown in importance (Scott 2004). As Painter and Wong argued, ‘the global neo-liberal orthodoxy of pro-competitive regulation in an era of liberalization promotes regulatory regimes that place less emphasis on direct, political intervention through state authority and more on indirect, neutral policy instruments’ (2005, p. 1). A more flexible regulatory environment could characterize such a restructuring; thereby public policy formulation is reoriented towards a smaller and more business-oriented state machine. This paradigm shift, manifested by a more individualistic, competitive and entrepreneurial approach, has become increasingly prominent in public management. In short, the nature of the ‘pro-competitive’ regulatory regime is changing from ‘setting down rules and powers’ to ‘mega-regulation’: that is, a steering role that includes ‘legal underpinning for indirect control over internal normative systems’ where ‘ends are ultimately set and determined by the sovereign state’ (Scott 2004, pp. 167-8).

The on-going processes of corporatization of public universities, coupled with the trends of decentralization, deregulation, privatization, marketization and administrative reforms in higher education (Mok 2003a, 2005a, b), as well as the rise of transnational higher education, should have rendered the inappropriate conventional state-higher education relationship. When education financing and provision is no longer monopolized by the state, the conventional ‘interventionist regulation’ framework (implying a hierarchical intervention of the state in imposing micro control of every aspect of education delivery) is found problematic. With diversification of actors in and coordination of institutions in education financing and provision, coupled with growing patterns in ‘co-production’, ‘co-arrangements’ and ‘co-management’ in education services, evolution of a new regulatory model, *Regulated Self-Regulation*, can be expected. Through ‘regulated self-regulation’, ‘the state plays a central and active role and disposes of powers and resources which are not available to societal actors’ (Knill and Lehmkuhl 2002, p. 50). Although the state is held responsible for promoting quality in education and meeting heightened expectations of education, the state cannot adopt the same interventionist regulatory framework to govern the relationship between the state and the non-state/private actors especially when education provision and financing is diversified. Special arrangements have to be made to allow private/non-state actors to participate in policy-making and implementation. One of the ways is delegating power to these non-state actors, particularly when they are playing increasingly important roles in education. A self-regulatory framework should be established in governing these newly emerging private/non-state education institutions, providing that they still conform to the overarching framework or directions set out by the state.

Table 1 shows a *regulated self-regulatory* framework, which could be further developed to conceptualize the relationship between the state and professional bodies. Unlike other private goods, it is believed that responsibility for overall quality assurance responsibility in education still lies with the state. But state intervention somehow is filtered by professional influences. Taking professional qualifications for instance, it is not the state that sets detailed requirements for approving professional credentials. Instead, professional bodies should have a very important role to play in governing the

professional standards. Similar to Painter and Wong's case studies regarding telecommunications regulatory regimes in Hong Kong and Singapore, comparative studies on changing higher education governance in Hong Kong, Singapore and Malaysia have suggested that these Asian governments have begun to draw on new regulatory modes of 'self-regulation' and 'standardization' informed by benchmarking/best practice models (Mok 2005b). What the state has to do to maintain high education quality is to liaise with the professional organizations concerned or to make reference to international benchmarks to assure quality instead of specifying detailed requirements. New 'regulated self-regulation' frameworks (with more emphasis given to 'negotiated regulation') will be developed, especially as cooperative patterns of interaction between private and public actors in education delivery and 'cooperative contracting', become increasingly established in education provision and financing.

Table 1. Different modes of governance

Mode of Governance	Bureaucratic Governance	Deregulated Governance	Societal-Market Governance
Policy Trend and Style	Centralization State Dominance	Decentralization Diversification Mobilization	Marketization Privatization Various Social Sources
Form of Regulation	Interventionist Regulation	Interfering Regulation	Regulated Self-Regulation
Means of Regulation	Government's direct rules and regulations	Procedural framework, rules & contracts	Monitoring by benchmarking/best practice models

Analyzing the corporatizing and marketization strategies adopted by the Singapore Government to diversify its higher education sector, together with the growth of 'transnational higher education' in the city state in the light of the 'new governance' and 'new regulatory regime' outlined earlier, higher education governance in Singapore has changed from the traditional 'state control model' to the 'state supervision model'. The conventional governance style of 'bureaucratic governance' (that is, having a policy style of centralization and state dominance) has been transformed into 'deregulated governance' as characterized by a policy style of decentralization, diversification and mobilization. If the private sector (or the market) and civil society (or the third sector) continue to play increasingly important roles in education, governance of education in Singapore will be shaped by a 'market-led model', whereby market governance will take the lead in shaping policy. Policy strategies along the line of marketization, privatization and a societal-sources-led approach will become more prominent and popular in shaping future directions and developments of education in Singapore.

Nonetheless, the proliferation of providers and diversification of education services may not necessarily weaken the role of the state. We must be aware that the whole movement of 'marketization', 'corporatization' and 'diversification' of higher education in Singapore has been launched against a strong state context. As an Asian developmental state, the government in

Singapore has successfully diversified financial resources and the proliferating actors in higher education provision, and at the same time, the state has tactically adopted 'pro-competition' policy instruments in reforming/rectifying the problems related to over-bureaucratization of the state education sector. The 'injection' of external market forces into the university sector is to achieve the government's goals in making the national universities more responsive and dynamic so as to cope with rapid social and economic changes. When talking to academics in Singapore, most of them believe the strong state regime has not changed despite the fact that more pro-competition instruments have been adopted. The government can steer the development of the whole university sector with its well-designed and highly selective tools in reinventing the state to steer higher education in a far more efficient and effective way (Fieldwork and field interviews conducted in Singapore, December 2004, June 2005).

Conclusion

Putting the above observations together, adoption of new governance in higher education in Asian states can be interpreted as strategies adopted by the government to cope with problems of political and bureaucratic governance instead of purely problems of severe economic and social difficulties. Even though similar strategies are adopted by different countries in response to the so-called tidal wave of reform of policy instruments, different governments may use the similar strategies to serve their own political purposes. As Hallak (2000) rightly suggested, modern states may tactically make use of the globalization discourse to justify their own political agendas or legitimize their inaction. Recent comparative studies related to policy instruments and governance in East Asia have repeatedly reported that adopting 'pro-competition' policy instruments may not necessarily weaken the capacity of nation states (Stiglitz 2005). Indeed, adoption of 'pro-competition' and indirect policy tools may have strengthened state capacity for steering public sector management more effectively. Painter and Wong, in their recent study of the telecommunications regulatory regimes in Hong Kong and Singapore have also observed, in an era of growing pro-competitive regulation, that states still exhibit distinctively different regulatory regimes due to the need to formulate strategies to suit their own traditions, capacities and goals (Painter and Wong 2005). In health policy management, the adoption of 'pro-competition' tools in managing the health sector in Singapore is set out in a strong interventionist state context (Ramesh 2005). Similarly, the Chinese government has skillfully and tactically made use of the 'globalization discourse' to justify its reform programmes originally grounded locally; while other Asian states like Malaysia and Thailand can guard against the growing impact of globalization by creatively developing policies matching the local needs instead of blindly following global trends (Moore 2005; Yeoh et al. 2004).

More importantly, our case study of Singapore has suggested the choice of policy tools (market forces in higher education and the rise of transnational education in the present case) is highly political

and governments should pay particular attention to the particular socio-economic and socio-political contexts of their countries when making such choices (Salamon 2002; Peters 2002). In addition, adoption of policy tools is significantly shaped by political feasibility, resources available to implement policy and behavioural assumptions about the target populations. In this connection, we must be sensitive about the political culture, the nature of the state and the unique socio-economic and socio-historical contexts in which policy tools are chosen by different Asian states, despite the fact that they are not entirely immune from the growing impact of globalization. Our case studies once again indicate that the role of government in East Asia is still important, especially when there is a strong need for government to set up appropriate regulations, social protection and welfare. Hence, governments in East Asia are very much conceived as complementing the markets (Stiglitz 2005).

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Transnational higher education in Taiwan

MEI-MEI SONG¹ AND HSIOU-HSIA TAI²

¹ *Center for Higher Education Research and Evaluation, Tamkang University, 151 Ying-Chuan Road, Tamsui, Taipei County, Taiwan (E-mail: mmsongtw@yahoo.com);*

² *Institute of Education, National Chiao Tung University, 1001 Ta-Hsueh Rd, Hsinchu, Taiwan (E-mail: hhtai@mail.nctu.edu.tw)*

Abstract. Transnational activities in Taiwanese higher education are present in three areas: study abroad, twinning programs, and online learning. Taiwan has traditionally been a major sending country for students studying abroad, especially to the U.S.A. until recent years, and receives a disproportionately small number of students from other countries. Realizing the importance of internationalizing the country's higher education, the government has launched initiatives aiming to attract more foreign students to the country and to encourage colleges and universities to set up twinning programs with foreign universities. Collaborations *via* online learning programs, however, have not received as much policy limelight. This paper also talks about the issue of branch campus, though it has yet to appear in the country, contrary to popular belief in regard to Taiwan's 2001 WTO accession.

The paper first lays out the context of Taiwan's higher education pertaining to transnational activities. A brief review of policies and regulations with regard to the country's transnational higher education follows. The current situation, as well as issues in study abroad, foreign students, twinning and online programs, and branch campuses are portrayed followed by the influences and problems of these activities, and a conclusion.

Context

Higher education in Taiwan has faced unprecedented challenges in recent years, as is the case in many parts of the world amid globalization. Among them are the sector's rapid expansion since the mid-1980s, diminishing state support for higher education, intensifying demands for accountability, rapidly declining birth rate, and the country's entry into the World Trade Organization (WTO) in 2001. With the aim of enhancing universities international competitiveness and extending the vitality of the sector, the government has launched initiatives to promote transnational activities in the sector.

Due to reasons we will discuss in more detail below, the transnational activities in Taiwanese higher education have so far mainly been concentrated in the most traditional form – studying abroad. In recent years, though several changes directly and indirectly related to the country's higher education, other types of transnational activities can also be observed, though on a much smaller scale. These activities include an increasing importance of twinning programs and gradual development of online learning. This paper will also discuss the absence of branch campuses, because this was the commitment that was anticipated to impact on Taiwanese colleges and universities the most when Taiwan entered the WTO in 2001, though the “reality” has not sunk in yet.

The following section briefly reviews policies and regulations related to Taiwan's transnational activities in Taiwan, providing background information on the issues to be discussed. Descriptions on the “*status quo* and issues” will follow, as well as the “influences and problems” as a result of these activities.

Policies and regulations

Entering the WTO was perhaps one of the most significant changes in Taiwan's transnational policy in higher education. In the country's WTO accession in 2001, the Taiwanese government, in its schedule of commitments, agreed to open its education market in four major areas: allowing foreign organizations to set up private institutions at the senior high/senior vocational school and higher levels, distance learning, short-term testing services, and placement services for study abroad.

Due to its political rivalry with China, Taiwan, though it is the 14th largest trading economy, had been shut out of most international organizations, including the WTO (Chiu 2001). The government therefore welcomed success in entry to the world's largest economic organization, though people were not entirely ready to open the market of Taiwanese education, as this had not occurred in most WTO countries. This was especially true as it was the Ministry of Economic Affairs – not the Ministry of Education – that was involved in the General Agreements on Trade and Services (GATS) negotiation for education. Though not all of the recent changes in the country's transnational activities in higher education resulted from the GATS, it certainly affected governmental policies as well as perspectives of university leaders.

The agreement seemingly opened the door for foreign “trade” in higher education, which was what public opinion believed. In reality, the market is still regulated by many domestic laws and regulations, which, in some ways, actually discourage foreign involvement in Taiwan's higher education.

Realizing the increasingly essential role that internationalization plays in higher education and especially being concerned with the tremendous impact the WTO agreement might cause, the state started to implement certain policies, aiming to promote the level of internationalization among colleges and universities. Among them was the “Initiative to Promote International Competitiveness

in Colleges and Universities,” launched in 2002. The government allocated an unprecedented amount of funding to encourage colleges and universities to engage in activities in many areas: advancing international academic exchange; enhancing students’ English levels; expanding recruitment of foreign students; promoting a bilingual learning environment; setting up twinning programs; and seeking international accreditation in various professions.

Study abroad and foreign students

Currently there is no law or regulation restraining Taiwanese people from studying abroad, which, however, had not always been the case in the past. In 1954, the state enforced the “Regulations on Studying Abroad,” restricting the qualification of students going abroad to graduates of junior college or university who passed an examination held by the MOE. In those days when the country was under the martial law rule and civilians were stripped of the freedom to travel abroad, as many as two-thirds of the exam-takers would fail the test each year and lose the opportunity to go overseas. In 1976, the government terminated the exam and utilized student applications for screening instead (Li 1984). With lifting of the martial law in 1987, abolition of the Regulation’s in 1989, together with immigration restrictions, allowed all Taiwanese – including students under college ages – freedom to study abroad: the only exception are male civilians over the age of 16 who have not served their military service, as required by based on the country’s conscription law.

The primary law with regard to foreign students in Taiwan are the Regulations Governing Study by Foreign Students in the Republic of China. This lists matters such as qualification, admission, immigration status of foreign students, as well as the minimum academic performance they have to sustain. It also states that the number of foreign students is not counted against a school's total admissions quota, which is controlled by the MOE: but the number of foreign students in any given academic year is limited to no more than ten percent of the number of domestic students admitted that year.

Online learning programs

All activities involving distance education in Taiwan have to conform to the “Procedural Rules Governing Distance Learning at Junior Colleges and Higher Levels,” which states governmental requirements of distance education in areas such as teacher qualification, student assessment, credit granting, and program evaluation. One of the most critical items in the rules is that credits earned via distance learning can only apply to a maximum of one-third of the total credits required for graduation.

Branch campuses

Even though the GATS opened the Taiwanese market and allowed foreign organisations to set up educational institutions at senior high/senior vocational school level or above, these institutions will still be bound by the laws and regulations for private schools and colleges once they are established. Colleges and universities will first have to satisfy the requirements specified in the Standards for the Establishment of Private Schools of All Kinds and Levels, including requirements in school area, facilities, establishment funds and initial endowment fund, qualifications of faculty, in order to obtain recognition from the MOE.

Once approved, private colleges and universities will need to abide by the Private School Law, which is the principal rule governing all private schools, colleges and universities in Taiwan. Article 45 of the Law states that immediate dissolution will be ordered for any school that has not been approved by the government and illegitimately recruits students in the name of the school or of a foreign school; the persons responsible will be subjected to a civil fine and its equipment and facilities may be confiscated. If the responsible party refuses to pay the fine, prison sentences, detention, or extra fines will be possible.

The Private School Law also places a restriction on the qualification of those assuming major positions assumed at a private university. Article 15 states that foreigners may hold no more than one-third of the directors' positions, and that the chairman of the board shall not be a foreigner. Article 78 of the Law requires that the principal/president of a private school/university has to be a Taiwanese citizen, though a recent amendment of the law is expected to loosen the regulation about the nationality of university presidents.

It should be noted that foreigners are still allowed to set up schools or colleges to educate their offspring within Taiwanese territory. These institutions are not subjected to the same regulations that the state enforces on domestic private schools/colleges, though they are not entitled to the same level of governmental subsidies that the regular private schools/colleges enjoy nor are they permitted to recruit Taiwanese nationals.

Another point that needs to be noted is that the regulations in the Private School Law restricting foreign involvement in Taiwanese education were not drafted on account of the WTO accession: the Law was first enforced 1974, with restriction on foreign involvement long before the accession.

Status quo/issues

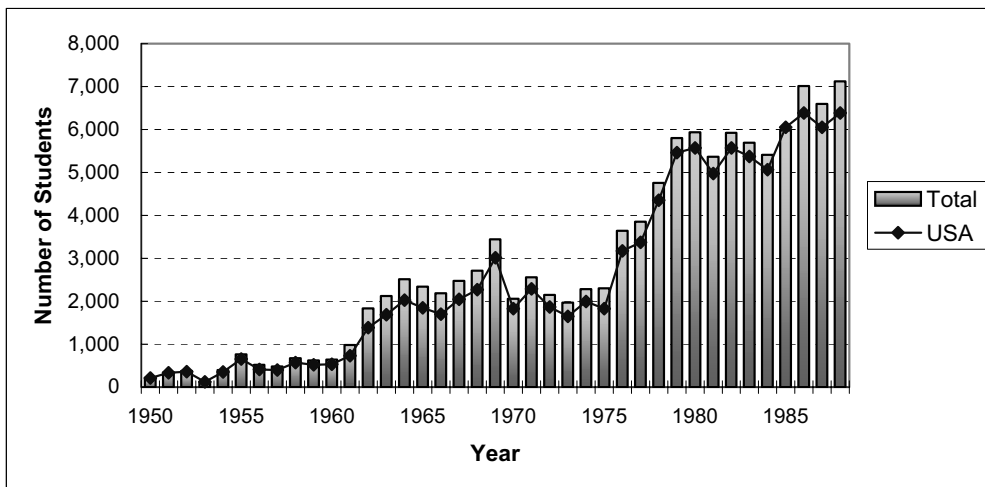
Study abroad

Due to several historic reasons, Taiwan has served as a top sending country of international students to other countries in the past decades, especially to the United States and especially for graduate study.

The reasons include the following: society's traditional values of credentialism, as in other Confucian cultures, and the nation's inability (and unwillingness) to provide sufficient places in higher education to meet demand; the government's restrictions on people's travel and immigration, and studying abroad provided the only exemption; and the Taiwanese government's heavy dependency on the U.S. with regard to economic trade, U.S. aid, and national security (against Chinese Communists). The English education that Taiwanese youngsters receive, starting in junior high school, certainly has played a role in college graduates' preference for English-speaking countries.

As noted in an earlier section, the government imposed tight control on the qualifications as well as the quantity of those studying abroad. As shown in Figure 1, as soon as the government terminated the certified examination for studying abroad and used a review of student application as the screening instrument instead, the number of students going abroad immediately leaped from 2,301 in 1975 to 3,641 in 1976, a 58% increase. It kept rising, to 7,122 in 1988, when government controls on studying abroad were abolished altogether. After 1989, the state no longer recorded the exact number of students studying abroad and can only estimate it from the number of people obtaining student visas from other countries: the number of students obtaining student visas immediately soared from 8,178 in 1988 to 16,879 in 1989, a 106% increase and has climbed steadily since 1989 to 32,525 in 2004, with the exception of 2003 when a SARS epidemic hit the island (see Figure 2).

Figure 1. Number of Taiwanese students studying abroad, 1950-1988



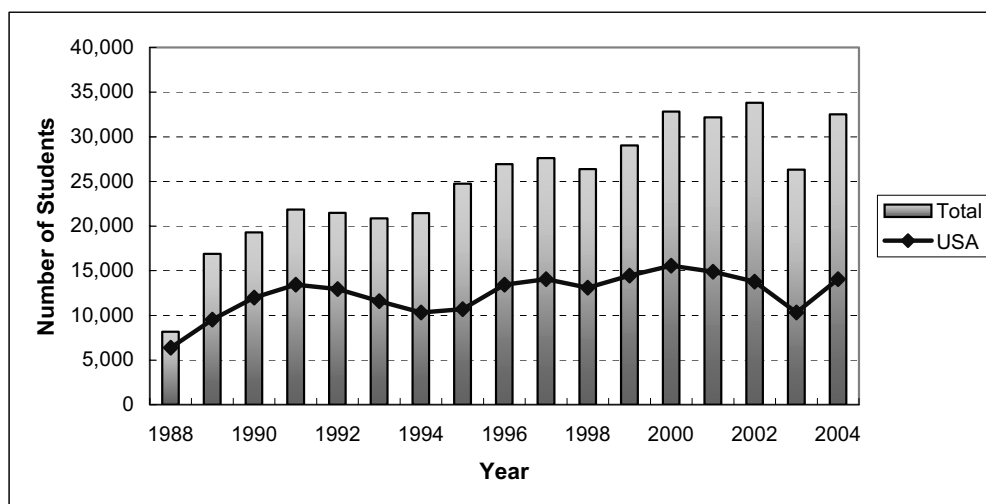
Source: Data derived from the Ministry of Education website (http://www.edu.tw/EDU_WEB/EDU_MGT/BICER/EDU7954001/c9/c914.htm).

Note: After 1988 state permission is no longer mandatory for non-government sponsored overseas studies.

Though still maintaining a high number of students studying abroad, the landscape of Taiwanese students' cross border studies has certainly changed in recent years. First, due to the rapid expansion of higher education in the country since the mid-1980s, college graduates have more opportunities to obtain graduate studies within the island and therefore are less enthusiastic about studying abroad.

Second, with Taiwan's tremendous growth of high-tech industries, graduates of the prestigious national universities, who have been the backbone of students seeking advanced degrees abroad, usually have more than one job offer even before their graduation (Tai 2000). Third, since the country's political liberalization as well as rapid economic growth in the past decades has significantly improved the quality of life in the country, increasing numbers of students going abroad are eager to return home after finishing their education. Fourth, observers maintained that the degree aspirations of Taiwanese students have tended to be lower in recent years, compared to previous decades. Owing to the changes in Taiwanese society, students studying abroad nowadays are more inclined to return home after receiving masters' degrees, as opposed to the strong inclination of earlier students to pursue a PhD. In fact, increasing numbers of Taiwanese students are even unwilling to register in a degree program and simply go abroad for short-term language programs (Yang 2001). Fifth, the host

Figure 2. Number of Taiwanese students obtaining student visas to major foreign countries, 1988-2004

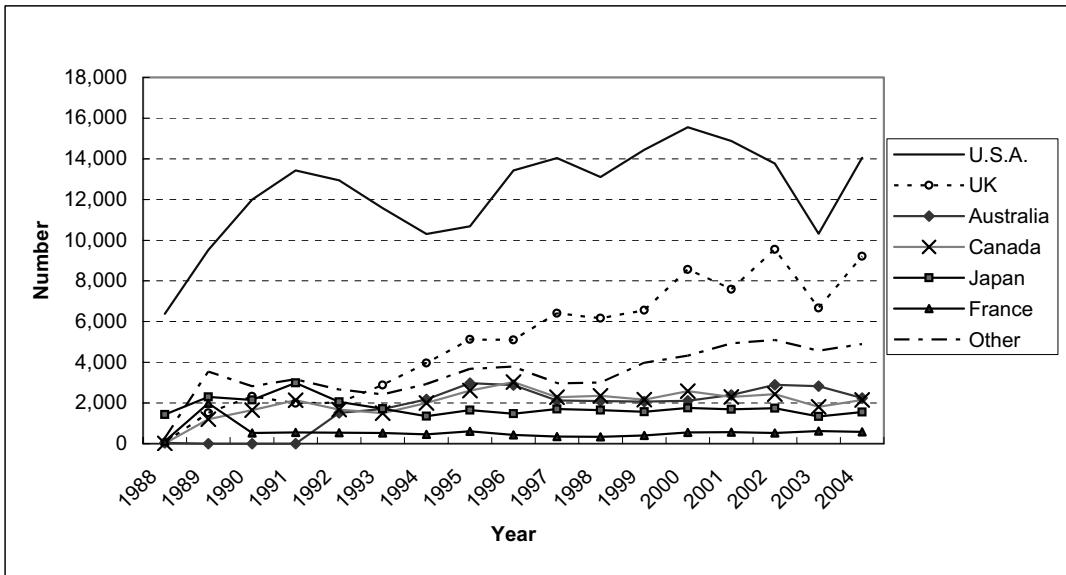


Source: Data derived from the Ministry of Education website (http://www.edu.tw/EDU_WEB/EDU_MGT/STATISTICS/EDU7220001/data/serial/abroad.htm).

countries for Taiwanese overseas students have gradually diversified. In the early years, almost all Taiwanese college graduates seeking graduate studies went to the U.S.A. From 1950 to 1988, when the statistics for the exact number of students studying abroad were available, 80-95% of students studying abroad went to the U.S.A., except for a few years when the numbers dropped marginally below 80% (see Figure 1). After 1989, the host countries for Taiwanese students studying overseas started to diversify, though the U.S. still receives the largest portion of them and Taiwan still remains one of the leading countries of origin for international students in the U.S.A. despite the small size of its population (MOE n.d.). It was not until 1994 that the U.S.A. share of Taiwanese overseas students started to fall below 50%, while other English-speaking countries, especially the U.K., have steadily increased their share of Taiwanese students (see Figure 2 and 3). In 2004, 85% of the Taiwanese

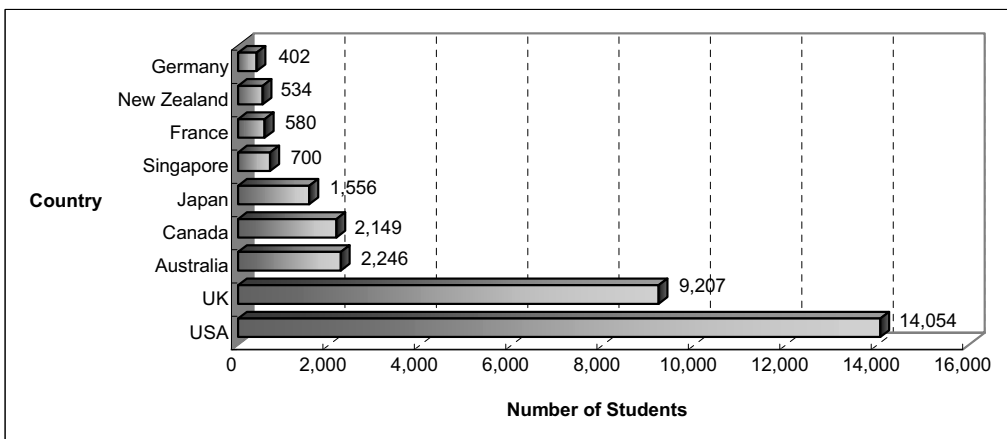
students obtaining student visas to other countries went to major English-speaking countries including the U.S.A., U.K., Canada, and Australia (Ministry of Education 2004). Other major host countries include Japan, Singapore, France, New Zealand, and Germany (see Figure 4). In recent years, the scope of Taiwanese students' overseas studies has also expanded to Russia, Korea, Austria, Italy, Netherlands, Spain, Switzerland, though the numbers are basically limited to hundreds for individual countries.

Figure 3. Number of Taiwanese obtaining student visas to foreign countries, 1988-2004



Source: Data derived from the MOE http://www.edu.tw/EDU_WEB/EDU_MGT/STATISTICS/EDU7220001/data/serial/abroad.htm

Figure 4. Number of Taiwanese students obtaining student visas to foreign countries, by leading country, 2004

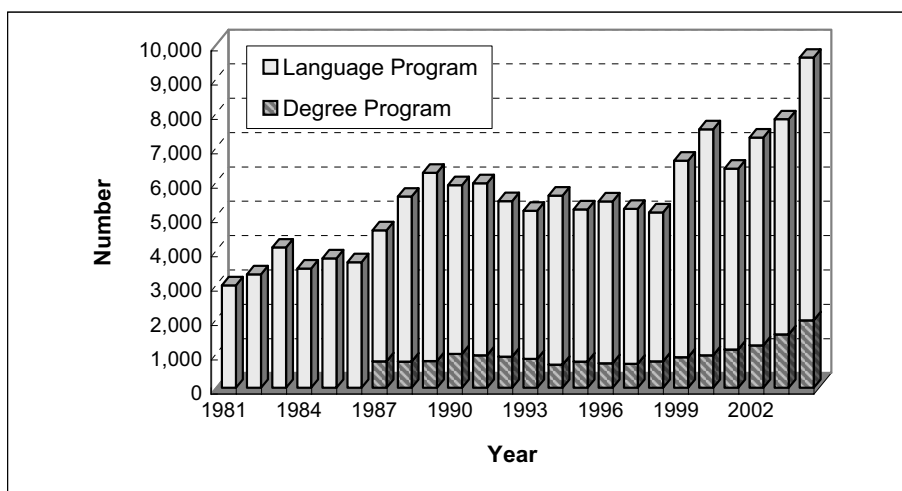


Source: Data derived from http://www.edu.tw/EDU_WEB/EDU_MGT/STATISTICS/EDU7220001/data/serial/abroad.htm

Foreign students

Compared with the large number of its students “exported” to developed countries, Taiwan attracts rather a low number of foreign students for study. Figure 5 portrays the scale of foreign students studying in Taiwan since 1981. The number of foreign students remained below 4,000 each year up to 1987 and fluctuated between 4,500 and 6,300 from 1987 to 1998. It was not until after 1999 that the number was sustained steadily above 5,000 to reach 9,616 in 2004. Data after 1987 show that most of these students registered in language programs and less than 20% of them in degree programs. However, it should be noted that foreign students with Chinese ancestry are regarded by MOE as “overseas Chinese students” and are not included in the data of foreign students: the number of these students reaches an average of slightly over 10,000 in the past ten years, and the majority of them are in degree programs (Tai 2004).

Figure 5. Number of international students studying in Taiwan, by program, 1981-2004



Source: Data derived from the MOE website http://www.edu.tw/EDU_WEB/EDU_MGT/STATISTICS/EDU7220001/data/serial/foreign.htm?open

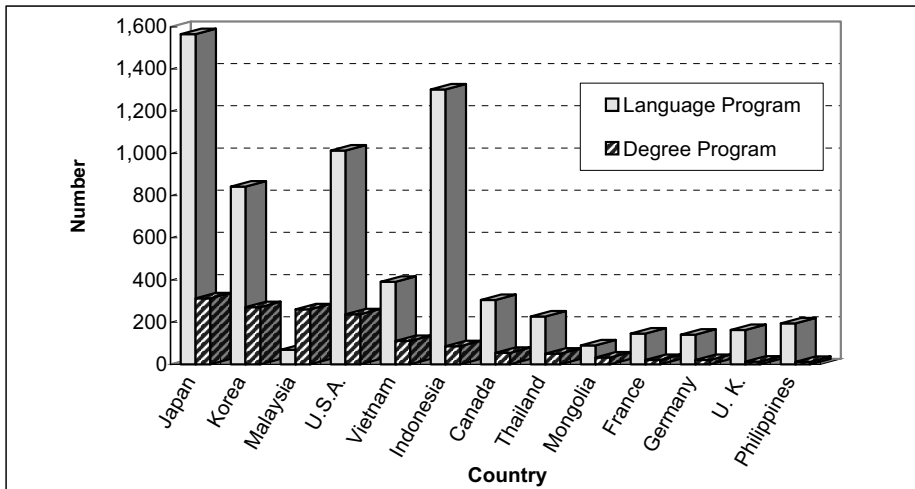
Note: Data before 1987 include enrollments of both language and degree programs.

As indicated in Figure 6, most countries, except Malaysia, sent more students to Taiwan for language programs than for degree programs in 2004. This is especially the case for Indonesia, Philippines, and U.K., with less than 8% of their students studying in Taiwan registered in degree programs. Japan outnumbers other countries in the total number of students studying in Taiwan (1,879), followed by Indonesia (1,391), U.S.A. (1,252) and Korea (1,115).

In the school year 2004-05, students from Japan, Indonesia, U.S.A., and Korea accounted for a large share (62%) of foreign students in Taiwan’s language programs at colleges and universities. On the other hand, the major countries of origin for Taiwan’s foreign students in degree programs are

Japan, Korea, Malaysia, U.S.A., and Indonesia (see Figure 6). Most of these degree students studied courses in business and administration, social sciences, humanities and fine arts while others studied science and engineering; most are in large comprehensive universities, including both public and private institutions, located in Taipei (MOE 2005; MOE 2004) (see Table 1). According to a survey done in 2002, fewer than one-third of Taiwanese colleges and universities admitted foreign students (Tsai 2003, p. 79). The number, however, is expected to have risen in the most recent years.

Figure 6. Number of international students in Taiwan, by leading country of origin, 2004



Source: Data derived from the MOE website http://www.edu.tw/EDU_WEB/EDU_MGT/STATISTICS/EDU7220001/data/serial/foreign.htm?open

Table 1. Distribution of academic majors of international students in Taiwan, 2004

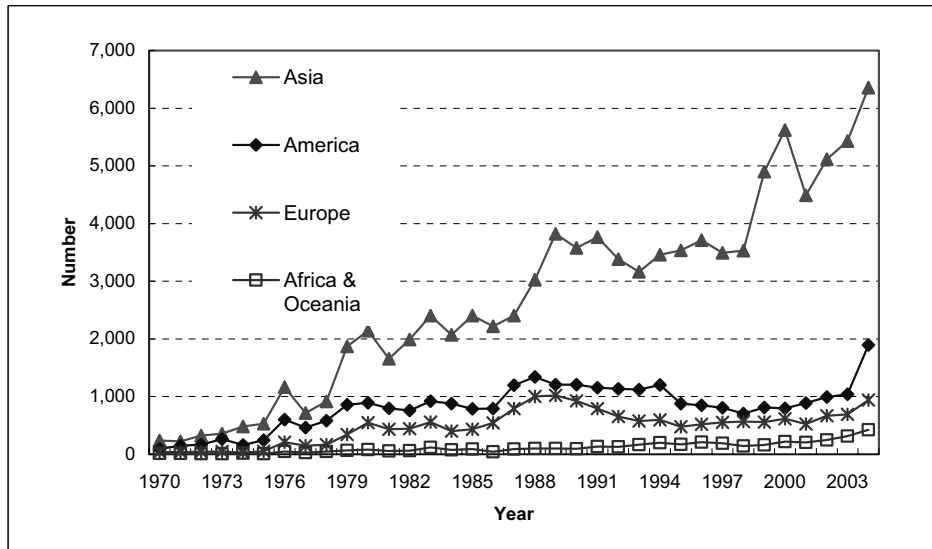
Disciplines	Number
Humanities & Fine Arts	400
Social Sciences	568
Business & Administration	387
Sciences	251
Engineering	194
Agriculture	72
Medical Sciences	84
Other	11

Source: Data calculated from http://www.edu.tw/EDU_WEB/EDU_MGT/STATISTICS/EDU7220001/data/serial/foreign.htm?open

As a means of attracting more foreign students, the Taiwanese government launched a new scholarship program called the “Taiwan Scholarship” in 2004. The program offers a monthly stipend of up to NT\$30,000 to each qualified foreign student pursuing studies at a university or college in

Taiwan (MOE 2005). The government also proposed to allow foreign students to stay and work in Taiwan after graduation to meet the market demand for high-tech professionals on the one hand, and to attract students wishing to migrate to Taiwan on the other.

Figure 7. Number of international students in Taiwan, by sending continent, 1970-2004



Source: Data derived from the MOE website http://www.edu.tw/EDU_WEB/EDU_MGT/STATISTICS/EDU7220001/data/serial/foreign.htm?open

Twinning and online learning programs

Establishing twinning programs with a foreign institution of higher education has gradually become popular in Taiwanese higher education, as it is deemed to be one of the most effective and low-cost ways in enhancing cross-border understanding, both academically and culturally. According to a nation-wide survey of colleges and universities in 2002, among the 92 institutions that responded, only 38 have set up twinning programs with a foreign university (Tsai 2003). However, another survey conducted by the MOE in 2004 indicated that by June of 2004, 41 colleges and universities have already set up at least one twinning program with a foreign institution, there is a total number of 96 twinning programs. The degree levels offered by these twinning activities cover bachelor's, master's, and doctoral programs; very few involve sub-baccalaureate courses (MOE 2004b).

The MOE survey also revealed some interesting trends in the twinning programs of Taiwanese colleges and universities. Most foreign universities setting up a twinning program with a Taiwanese college or university were located in Asia, frequently in Malaysia. Though other Asian countries such as Indonesia, Thailand, Japan, and Vietnam, also had some twinning activities with Taiwanese universities, they trailed Malaysia by a large number. Universities in the major English-speaking countries such as the United States, the Great Britain, and Australia were also among the favorites of

Taiwanese institutions for cooperation in twinning programs. As for the type of higher education institutions in Taiwan mostly likely to engage in setting up twinning programs with foreign institutions, private universities prevailed over other types of institution by a very large margin. Private universities colleges/universities are obviously more aggressive in pursuing twinning programs with a foreign institution than their public counterparts in both academic and vocational tracks; comprehensive universities, on the other hand, are more active than technical colleges in this aspect.

According to the MOE record, Taiwanese colleges and universities instituted official agreements for twinning programs with foreign colleges or universities in the 1990s. But most international cooperation in twinning programs did not really take place until after 2001 (MOE 2004b).

As described above, promoting twinning programs among Taiwanese and foreign institutions has become one of the important policy initiatives of the MOE in recent years. Among them was the ministry's "Project for Promoting International Competitiveness of Universities." The MOE also expanded its assistance to many Southeastern Asian countries in vocational education through twinning programs ('Allied with seven countries' 2002). In addition, the MOE utilized twinning programs as one of the major approaches to expand the government's services to foreign students with Taiwanese ancestry, especially in Malaysia ('MOE takes over schools' 1997; 'Twinning program for Taiwanese descents' 1998).

As for distance education, Taiwanese universities' level of utilizing online learning and incorporating it into concurrently recognized credits with foreign institutions of higher education is still low. Among the 92 institutions responding to the survey in 2002, 52 did not recognize long distance credits (including internet courses) at all; 40 did. Among them, only five universities formally recognized credits from a foreign university, while only two indicated that credits offered by their institution were recognized by certain foreign universities (Tsai 2003).

Branch campuses

Permission for foreigners/foreign institutions to set up private higher education institutions in Taiwan, as agreed in the GATS, initially provoked tremendous concerns in colleges and universities as well as in academia generally. Many feared that Taiwanese higher education institutions, which are already facing unprecedented competition owing to a rapid expansion of the sector as well as a shrinking pool of incoming students due to the country's sharply falling birth rates in recent years, would not withstand the strong "threats" that might be brought by the foreign-invested universities or branch campuses of prestigious universities from developed countries. The fear, however, has yet to be realized.

Contrary to popular belief that organizations affiliated with prestigious universities in developed countries would inundate Taiwanese higher education after the 2001 GATS negotiations, there has

been no sign of foreign branch campuses in the country yet. As illustrated in the Policies and Regulations section described above, the Private School Law still restricts foreigners' involvement in essential positions in school/university governance. Additionally, the MOE maintains a very high standard in granting permission for establishment of a private higher education institution, which probably discourages potential foreign institutions.

As well as the Private School Law, layers of regulations and governmental controls over Taiwanese private colleges and universities, though not targeted at foreign affiliated institutions, perhaps de-motivate foreigners from investigating the Taiwanese higher education market. Given Taiwan's high population density, it is, for example, difficult and generally costly to obtain the land required by the "Standards for the Establishment of Private Schools of All Kinds and Levels" in order to establish a new college/university. The government also requires a high threshold for initial endowment funds. The current practice of government-controlled tuition rates will also inhibit foreign colleges and universities from charging the same level of tuition fees as they do in other countries. At the same time, the joint admission system for colleges and universities, which employs a joint entrance examination for screening and currently only allows colleges and universities to select a maximum of 40% of their students via applications and high school recommendations, will prevent foreign institutions from selecting students in accord with their own admission standards. The MOE's tight control on other aspects of college administration, though gradually being relaxed, might also make it difficult for foreigners to run institutions with the educational ideals originating from their mother countries.

Interestingly, and contrary to the initial unease that by taking advantage of the WTO agreements, colleges and universities from developed countries might overwhelm Taiwanese higher education market and threaten the survival of domestic institutions, it is the Taiwanese universities that have been trying to take advantage to the new opportunity brought about by the GATS. Some colleges and universities, both public and private, have been exploring the possibility of setting up branch campuses in China. Owing to the long-term political hostility and by virtue of the needs of national security, Taiwanese colleges and universities have only been allowed to have loose academic exchanges with their Chinese counterparts. Government regulations in all aspects make it difficult, if not impossible, for Taiwanese colleges and universities to formally establish relationships at the institutional level with Chinese ones. At present, for instance, even short-term migration of Chinese citizens, including university faculty and students, has to go through government scrutinizing procedures. As public and private Taiwanese universities are facing the harsh reality of a shrinking pool of students and declining financial support from the state, the entries into the WTO by both sides of the Taiwan Strait at almost the same time cast a new light on Taiwanese universities' possible expansion to China.

Taiwanese universities' zeal to cross the Strait was curtailed by the government, which later even impeded colleges and universities from offering all adult education programs in other countries altogether ('Universities admit students cross border' 2001). Though the MOE eventually relaxed

the rules and allowed higher education institutions to offer degree programs in foreign countries, admitting overseas Taiwanese as well as Taiwanese descents, recruiting Chinese students is still prohibited. Non-degree programs, however, are allowed to admit Chinese students ('Universities' cross-border' 2001). As for programs in China, the government asks colleges and universities to abide by the "five-no's" policy: no faculty recruited outside the Taiwan territory, no students without Taiwanese nationality, no expenditures introduced from Taiwan, no curriculum advocating Taiwan-China reunification or Communists ideology, and no pressure from the Chinese authority to add or delete any part of the curriculum for ideological reasons ('Universities go to Mainland' 2002). At present, Taiwanese colleges and universities mostly cooperate with a Chinese institution and mostly target cities with large numbers of Taiwanese business personnel ('Set up cross-border credit programs' 2002). Beyond China, some Taiwanese colleges and universities also offer master's programs for on-job education in Southeastern Asia, including Malaysia, Indonesia, Vietnam, Thailand, the Philippines, Brunei, Myanmar ('Universities to be allowed' 2004).

Influences and problems

Study abroad

The changing scene of Taiwanese students studying abroad has alarmed the government. In contrast to previous concerns with the "brain drain," which resulted from Taiwanese students lingering overseas after completing their education, the state is now troubled with the declining percentage of college students going abroad as well as the increasing portion of these students returning to Taiwan. The upsurge of overseas Taiwanese returning home in recent years is now considered placing strains on the country's political, economic, and technological developments. Taiwan's accomplishment in its high technology economy, for instance, has been attributed in large part to the industry's high number of U.S.-educated employees with abundant working experience in the U.S.A., who thus had a good understanding of US industry, including research and development, management, implementation, technology, culture, marketing (Hsiu 2001). With an increasing number of Taiwanese engineers returning home from the U.S.A. and a decreasing number of Taiwanese students going abroad for engineering education, the country might gradually lose its competitive edge in the industry. The same scenario exists not only in high-tech industry but also in other sectors. For instance, as a declining number of college professors, researchers, and business people with Taiwan origin are staying overseas, the government is concerned that the country might gradually lose its influences in research centers, colleges and universities, government agencies, and the business sector in other countries, especially in the U.S.A.

The falling number of students going abroad for doctoral study, despite a rapid growth in undergraduate and graduate enrollments in the country, has also led to a so-called "inbreeding"

problem in Taiwan's academia. Given the country's small size as well as a widespread preference of Taiwanese colleges and universities to recruit new faculty from graduates of the same program, an increasing homogeneity in the background of university faculty is deemed unhealthy to the development of the sector.

Perhaps what is even more distressing to the Taiwan government is Taiwanese students' recent zeal for Chinese higher education. Though the government refuses to recognize credentials from any Chinese colleges and universities, based on reasons of national security and political antagonism, increasing number of high school and college graduates from Taiwan are going across the Strait for further education. The number of Taiwanese students applying to Chinese universities reached 1369 in 2002, a 100% increase from the previous year (Huang 2002). These students' interests in higher education in China have increased for several reasons: low language programs, low tuition, short distances from home, and future employment opportunities in the Chinese market (Hsiu 2001; Huang 2003).

The government, realizing the impact of these problems, started to make efforts to motivate more college graduates to study abroad. First, the state set up a Study Abroad Scholarship for the first time in 2003 to provide financial assistance for those who have been admitted to reputable programs overseas. Furthermore, in order to enhance flexibility and academic excellence, the government cut the quota for the regular government-sponsored overseas study program, which screens qualified candidates through a rigid pen-and-paper test; simultaneously it moved a substantial amount of expenditure into the Study Abroad Scholarship, which selects students through reviews of research proposals and interviews, by taking into account the strength of the university/program that applicants are admitted to as well as the development needs of the nation ('Three strategies' n.d.). The state also started a student loan program for overseas study. In addition, the government set up a "Study Abroad Program for Elites," which is co-directed by the Ministry of Education, Council for Economic Planning and Development, and the National Science Council, to support students aspiring to pursue doctoral/master's degrees or 6-12 month short-term studies in 12 particular areas of study overseas (Executive Yuan n.d.). On top of this, the government established a "Scholarship for Elites," raising funds from the business sector, to sponsor corporate employees pursuing masters' degrees overseas.

Foreign students

As for recruiting foreign students to Taiwan, the country's colleges and universities do face several challenges in this aspect. First of all, Taiwanese colleges and universities and especially, their faculties have, in general, shown little interest in recruiting foreign students (Tsai 2003). To remedy the absence of the lack of incentives, the MOE has incorporated indicators of foreign student recruitment in the Ministry's evaluation and grant allocation criteria. Subsequently, in some instances, however, higher education institutions admit to actually lowering their admission standards

for foreign students, just for the sake of recruiting sufficient number of foreign students to meet the MOE quota.

Furthermore, the fact that most college courses in Taiwan are offered in Mandarin, not in English, has constrained the pool of foreign students that the country can attract. For those interested in Chinese language, Chinese literature, and China studies, Taiwan was once a top option because of its more open and democratic society, compared with the Chinese one. But in recent years, with China's gradual economic liberalization, Taiwan has started to lose its competitive edge in this aspect, especially with China's lower tuition rates and living costs. Furthermore, China's potentially tremendous market has also lured business majors from foreign countries.

In light of the language constraint in recruiting foreign students, the MOE has impelled colleges and universities to institute courses taught in English. The result, however, has been controversial and the effects are still limited. English-instructed courses generally frighten away local students, as they are intimidated by the language. In addition, and with some exceptions, courses offered in English are generally not extensive enough to cover an entire program to enable foreign students to elect and finish their studies. As a consequence, though the number of foreign students has increased in recent years, 80% of them are still in language programs, learning Mandarin. There is no surprise that most foreign students in Taiwan do not seem to be taking advantage of Taiwanese universities' strong points to register in the programs that many of them are famous for – programs such as engineering and business management (Liu 2002).

Twinning and distance education programs

It is apparent that Taiwanese colleges and universities will move further toward establishing twinning programs with foreign universities. Many universities, especially private ones, are aggressive in the direction of further internationalizing students' educational environment by encouraging students to study abroad during their college education. Yuan Ze University, for example, sets up saving accounts for individual students to assist them in saving for study abroad during their college years. Tamkang University, another private institution, has expanded to an all-English campus that requires students in the program to study abroad in their junior year.

The enthusiasm in twinning programs, both at the state and institution level, does not mean that there is no controversy over the issue. Perhaps one of the main concerns for further promotion of twinning programs between Taiwanese universities, and those in other countries is a lack of an accreditation agency or assurance mechanism to provide extensive assurance of the quality of foreign programs ('Domestic universities to be allowed' 2003).

The prospect of Taiwan's online learning programs, however, is not necessarily as promising. Compared with other areas in higher education, the value of distance education has been rather

underestimated and under-appreciated, as distance education is generally viewed as of secondary significance (Yang 2003). It is especially the case with utilizing distance-learning media to cooperate in teaching activities with foreign universities: this is mainly attributed to the restriction on the proportion of distance learning credits applicable to total graduation credits, though lack of a common language might be another important factor.

In all, the country is also rather behind in its laws and policies regulating distance learning. Given this situation, the government is looking into the possibility of changing the current regulations to increase the permitted maximum credit hours earned via distance learning from one-third to one-half of total graduation credits ('Relaxed criteria' 2005), hoping in this way to stimulate more interest in online learning. The other crucial problem, however, is the lack of an agency in charge of accreditation/recognition of distance learning programs or courses.

Branch campuses

Since there are no foreign affiliated colleges and universities in Taiwan yet, it is difficult to evaluate how their impact might play out once these institutions do move in. Increased competition for local colleges and universities can certainly be expected, though it already exists among the domestic institutions of higher education. Given the country's increasingly cutthroat environment in the sector, some inferior institutions will eventually be forced to close or merged, with or without foreign competitors. Private universities are, in general, believed to be better prepared to adapt, though public ones will probably suffer the larger effects once foreign players enter the arena (Hsiu 2001). In view of the situation, the MOE is criticized for not providing sufficient support for colleges and universities to meet the changes brought upon by entering the WTO (Liu 2002). Yet in fact, a different kind message can also be heard, urging the government to relax the laws on private schools/universities. A more liberal and open environment is perceived necessary in order to persuade more foreign educational organisations to come to Taiwan; such foreign affiliated institutions, in turn, might introduce programs and curriculum that are unique and innovative, and which would be beneficial to the domestic higher education system (Chou 1997).

Conclusions

It is foreseeable that Taiwanese higher education is moving toward the direction of escalating cross-border involvement. As the system of Taiwanese higher education becomes too large, and the external environment too complicated, for a centralized agent (the MOE) to dictate everything for colleges and universities, it is inevitable that the Taiwanese government will further relinquish its financial provision as well as its administrative controls on higher education institutions. Cooperation between industry and the higher education sector – in order for colleges and universities

to solicit more financial support as well as closer matches between teaching and research and the business practice – will certainly be further encouraged. During the process, the notion of “higher education as a service” should be more extensively accepted; and collaborations with foreign colleges and universities – even those resulting from the entrepreneurial pursuits of a foreign organization – could be accepted as, providing more incentives for individuals or organizations from other countries to investigate the Taiwan market. The strong tide of globalization, as well as the ever-closer integration of Taiwanese economy with the world, will push colleges and universities to broaden their international connections in both research and teaching. Deeper and more extensive transnational involvement in areas such as twinning programs, online learning, and branch campuses could profoundly transform the essence of Taiwanese higher education in the near future.

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