

Self-Financed Higher Education: The Hong Kong Experience

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Introduction

- Facing skyrocketing operating costs and scant government funding, public universities in Hong Kong have increasingly turned to private sources for support.
- Table 1: HKU's experience



Table 1

Table 1: Comparative Income Figures of the University of Hong Kong											
	Academic Year 2004-2005		Academic Years 2009-2010 to 2012-2013								Percentage Increase from 2004 to 2012
			2009-2010		2010-2011		2011-2012		2012-2013 *		
	Amount (HK\$ Millions)	Percentage of Total Income	Amount (HK\$ Millions)	Percentage of Total Income	Amount (HK\$ Millions)	Percentage of Total Income	Amount (HK\$ Millions)	Percentage of Total Income	Amount (HK\$ Millions)	Percentage of Total Income	
Total Income	4,443.5	100.0	6,022.2	100.0	6,820.7	100.0	5,351.3	100.0	8,686.2	100.0	95.5
Government Subventions	2,526.4	57.5	2,793.7	46.4	3,089.7	45.3	3,201.8	59.8	4,483.7	51.6	77.5
Tuition, Programmes and Other Fees	758.5	17.1	1,033.8	17.2	1,102.6	16.17	1,201.2	22.5	1,496.4	17.2	97.3

* This is the double cohort year, in which the number of first-year undergraduate places was doubled. The double cohort increased the amount of government subventions.



Introduction

- Increasing importance of non-government funding sources is becoming more prominent.
- Tuition income from ‘self-financed’ programmes contributes to the large increase in public university income, and reflects the growing importance of non-government support to higher education in Hong Kong



Introduction

- Private funding in higher education is a global trend
- UNESCO 2002 Report
- Belfield and Levin, 2002
- Banya (2010)
- Education Bureau (2008)



Critics of Private Higher Education

- Rising costs and concerns over academic quality
 - Tilak (2006)
 - Li (2009)
- Hong Kong - education was considered a form of government investment in human resources



Private Higher Education in Chinese Culture

- Si shu (私塾)
- Many famous private universities in China before 1949:
 - Yincheng University in Beijing (燕京大學)
 - St. John's University in Shanghai (上海聖約翰大學)
 - Private University of Nanking in Nanking (金陵大學)



Historical Developments of Private Higher Education in Hong Kong

- In 1911 the British government decided to set up an Oxbridge of the Far East
- The aim was to educate young Asian men in British traditions so that British influence in the region could be ensured
- HKU was therefore established out of colonial interests



Historical Developments of Private Higher Education in Hong Kong

- Private higher education was highly restricted
- Deficiencies of the relevant legislature applied to establish universities and colleges
- Severe restrictions on the use of the terms 'University' (大學) and 'Hok Yuen' (學院)



Historical Developments of Private Higher Education in Hong Kong

- During the period of political turmoil in China, many established scholars like Ch'ien Mu (錢穆) and Tang Junyi (唐君毅) came to HK
- Many private post-secondary colleges began to emerge:
 - New Asia College in 1949
 - Chung Chi College in 1951
 - United College in 1956
 - Chu Hai University in Guangzhou renamed itself Chui Hai College
 - Baptist College in 1956
 - Lingnan College in 1967
 - Shue Yan College in 1971



Historical Developments of Private Higher Education in Hong Kong

- The Hong Kong government was not supportive of private higher education
- Private higher education institutions operated in a period of financial hardship and difficulty
- Some of the institutions started to accept Government subsidies



Historical Developments of Private Higher Education in Hong Kong

- New Asia College, Chung Chi College and United College subsequently became member colleges of The Chinese University of Hong Kong
- Baptist College and Lingnan College received government funding
- Only Shue Yan College and Chu Hai College continued as independent private higher education institutions



Self-Financed Higher Education Programmes in Hong Kong

- Developments in three major areas trigger a new wave of private higher education development in Hong Kong:
 - lower proportion of government subventions
 - international competition
 - new educational qualifications



Table 2

Table 2 Student Headcount of the University of Hong Kong's Government-Funded and Self-Finance Programmes across Academic Years 2009-2010 to 2012-2013					
Panel A: Programmes Funded by the Government					
	Academic Year				Average Growth Rate
	2009-2010	2010-2011	2011-2012	2012-2013	
Undergraduate Programmes	10,296	10,307	10,619	14,316	-
Growth Rate of UG Students (%)	0.58	0.11	3.03	34.82	8.78
Postgraduate Programmes	3,604	3,609	3,697	3,744	-
Growth Rate of PG Students (%)	4.01	0.14	2.44	1.27	1.95
Panel B: Self-Financed Programmes					
	Academic Year				Average Growth Rate
	2009-2010	2010-2011	2011-2012	2012-2013	
Undergraduate Programmes	1,293	948	871	911	-
Growth Rate of UG Students	-25.04	-26.68	-8.12	4.59	-14.75
Postgraduate Programmes	6,946	7,396	7,846	8,034	-
Growth Rate of PG Students	11.58	6.48	6.08	2.40	6.59

Self-Financed Higher Education Programmes in Hong Kong

- Criticism:
 - some public universities offer self-financed programmes to generate extra income that will compensate for the insufficient government funding
 - the general public associates self-financed programmes with revenue earnings, it comes to doubt the quality of the education provided



Self-Financed Higher Education Programmes in Hong Kong

- Competition (domestic and overseas) changes the landscape
- Success or niche of the local private higher education institutions relies on the relevance of the education that can be delivered
- Private higher education institutions must focus on the areas in which they can excel



Self-Financed Higher Education Programmes in Hong Kong

- Table 3
- non-local candidates constituted the bulk of the doctoral students
- Make sure local relevance is in place for private higher education institutions



Table 3

Table 3: Distribution of Non-Local Candidates in HKUST's Business Doctoral Programmes During the 2011-2012 Academic Year

	Number of Doctoral Candidates	Number of Non-Local Candidates	Percentage of Non-Local Candidates
Accounting	11	11	100
Economics	9	9	100
Finance	17	15	88.24
Information System and Operation Management	18	15	83.33
Marketing	12	12	100
Management	13	13	100

Self-Financed Higher Education Programmes in Hong Kong

- Expensive operating cost and lack of land
- Private higher education institutions cannot be expected to emerge as comprehensive universities



Self-Financed Higher Education Programmes in Hong Kong

- Tuition fees cannot support operations of private higher education institutions alone
- Strong financial support from patronage bodies is a must



Self-Financed Higher Education Programmes in Hong Kong

- Positioning of private higher education institutions
 - Should not focus on ranking
 - Should not forget their original mission as teaching universities



Q & A

Thank You!

