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HIGHER EDUCATION  
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Conference on Self-Financing Tertiary Education: The Way Forward

# Regulating Power through Market (In-)Segmentation

Dr. Alvin Kwok

Assistant Professor, CTIHE

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## Changing unchanged aims of education

- 1965 'Education Policy':
  - THE final aim of any educational policy must always be to **provide every child with the best education he or she is capable of absorbing**, at a cost that the parent and the community can afford.



- 1978 ‘The Development of Senior Secondary and Tertiary Education’:
  - (6.5) The Government recognises the importance of striking a proper balance between courses at different levels, so that the structure of education can **meet the range of employment opportunities** and the aptitudes of the students.



- 1981 'The Hong Kong Education System':
  - (6.14) ... the development of higher education must satisfy within reasonable limits the aspirations of the many in Hong Kong who seek **education for personal development, regardless of economic demand**, the community as a whole ultimately benefiting to some degree from the realisation of such aspirations.



- 1982 'A Perspective of Education in Hong Kong':
  - (I.14) Education in Hong Kong is predominantly a highly **utilitarian means to economic and vocational ends** ... a key role of the educational enterprise in any society is to **nurture its soul**



- 1984 'Education Commission Report No.1':
  - 1.11 ... within the resources available, the **needs of the community** must first be considered, though in a free society, the **wishes of the individual** should, within this constraint, be accomodated as far as possible.



- 1986 'Education Commission Report No.2':
  - VIII.5.10 ... c) Hong Kong will only maintain the pace of its economic, educational and social development with an increasing **supply of better qualified citizens**



- 1988 'Education Commission Report No.3':
  - 3.48 (a) ... "Educational" should, in this context, be interpreted to cover both **academic and general educational needs.**





- 1990 'Education Commission Report No.4':
  - 2.2.1 Established policy for the public sector of education provides that the curriculum should be broadly common to all students. It should engage the interest, as far as possible, of **children of different ability**.



- 1992 'Education Commission Report No.5':
  - 1.4 To maintain its **position in the world's most rapidly developing region** ... the level of knowledge and skills among our people continues to rise.



- 1997 'Education Commission Report No.7':
  - 2.1 The challenge facing us in the 21st century lies in how to **sustain our international competitiveness**, and to contribute to the modernisation of our country.



- 2000 ‘Reform Proposals for the Education System in Hong Kong’:
  - 3.12 ... an important mission of education is to enhance the knowledge, ability, quality, cultivation and international outlook of the people of Hong Kong.

- 2003 ‘Progress Report on the Education Reform (2)’:
  - The ultimate aim of education is to help every single individual achieve **whole-person development** and to **groom quality manpower** to contribute to the prosperity and advancement of Hong Kong



# Changing unchanged aims of education

Societal needs > Individual aspiration

Economic development > Personal development



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- *Browne Review 2010, UK:*

“It helps to create the knowledge, skills and values that underpin a **civilised society**. Higher education institutions (HEIs) generate and diffuse ideas, safeguard knowledge, catalyse innovation, inspire creativity, enliven culture, stimulate regional economies and strengthen civil society. They bridge the past and future; the local and the global.”



## Reflective Question

Manpower Supply

VS

Self-Actualization



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## Legitimization of government intervention

- Education as *Public Good*
- Education as *Social Service*
- Education as *Planned Manpower Supply*
- Education as public investment for *Economic Growth*
- Education as public investment for supply of *High-Quality Citizens*



# Re-conceptualization of Education

Pure  
Public  
Good



Pure  
Consumer  
Good

# Re-conceptualization of Education

- Not a pure Public Good
- Not a pure Consumer Good

but

- **Hierarchical Good\***

\*(derived from the term “positional good” coined-in by McGettigan (2013))



## Students' Choice

Preference for HEIs
A
B
C
D
E
F
G
H
I



## Institutes' Choice

Preferences for Students
1
2
3
4
5
6
7
8
9



## *Hierarchical good: Student Perspective*

Criteria of choice (for sub-degree programmes):

1. Access to degree programme in main/sister university (44%)
2. Local reputation (33%)

(British Council, 2007, Fig.12)



## *Hierarchical good: Student Perspective*

### Motivation to study:

1. Career focus/ aspirations (65%)
2. Access to local bachelors programme (54%)
3. Course Content (54%)
4. More affordable programmes (37%)

(British Council, 2007, Fig.13)



## *Hierarchical good: Student Perspective*

### Priorities of choice after sub-degree:

1. Local degree conversion
2. Part-time top-up degree
3. Top-up degree in local universities
4. Top-up degree (overseas degree)

(British Council, 2007, Fig.23)



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## *Hierarchical good: HEI Perspective*

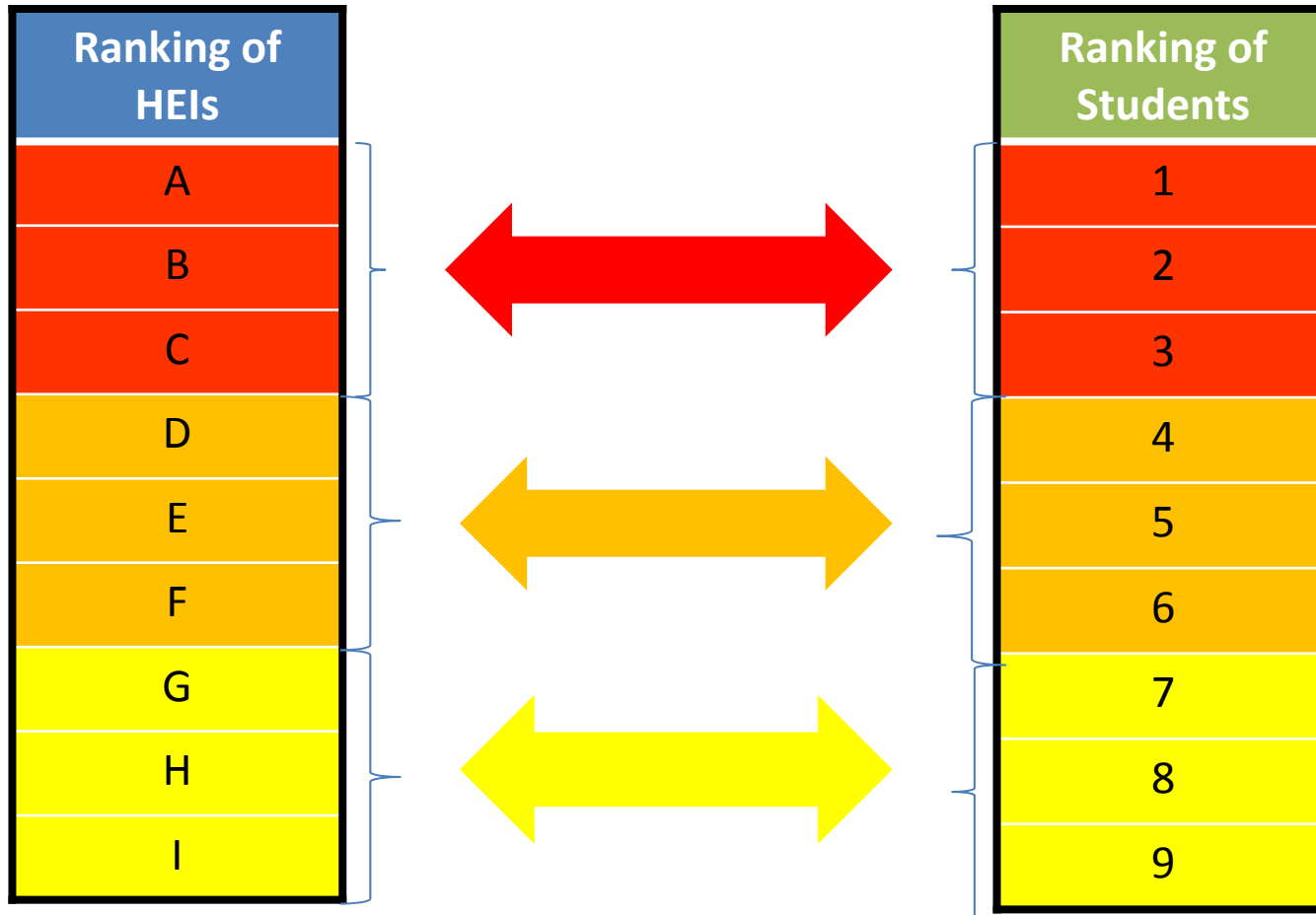
Criteria for choosing students:

- Academic performance
- Personal merits / specialties (e.g. music, arts, sports)
- Extra-curricula participation
- Intellectual quality

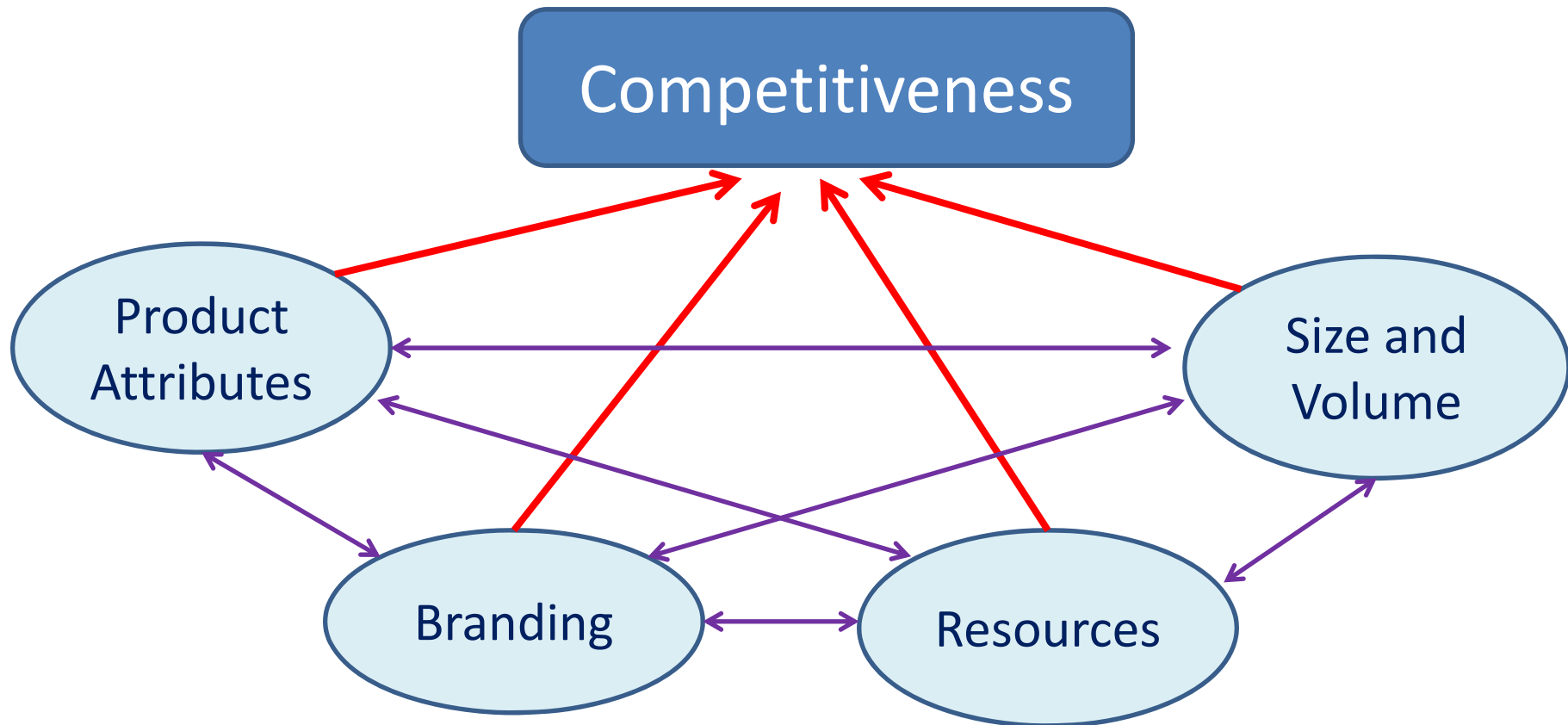




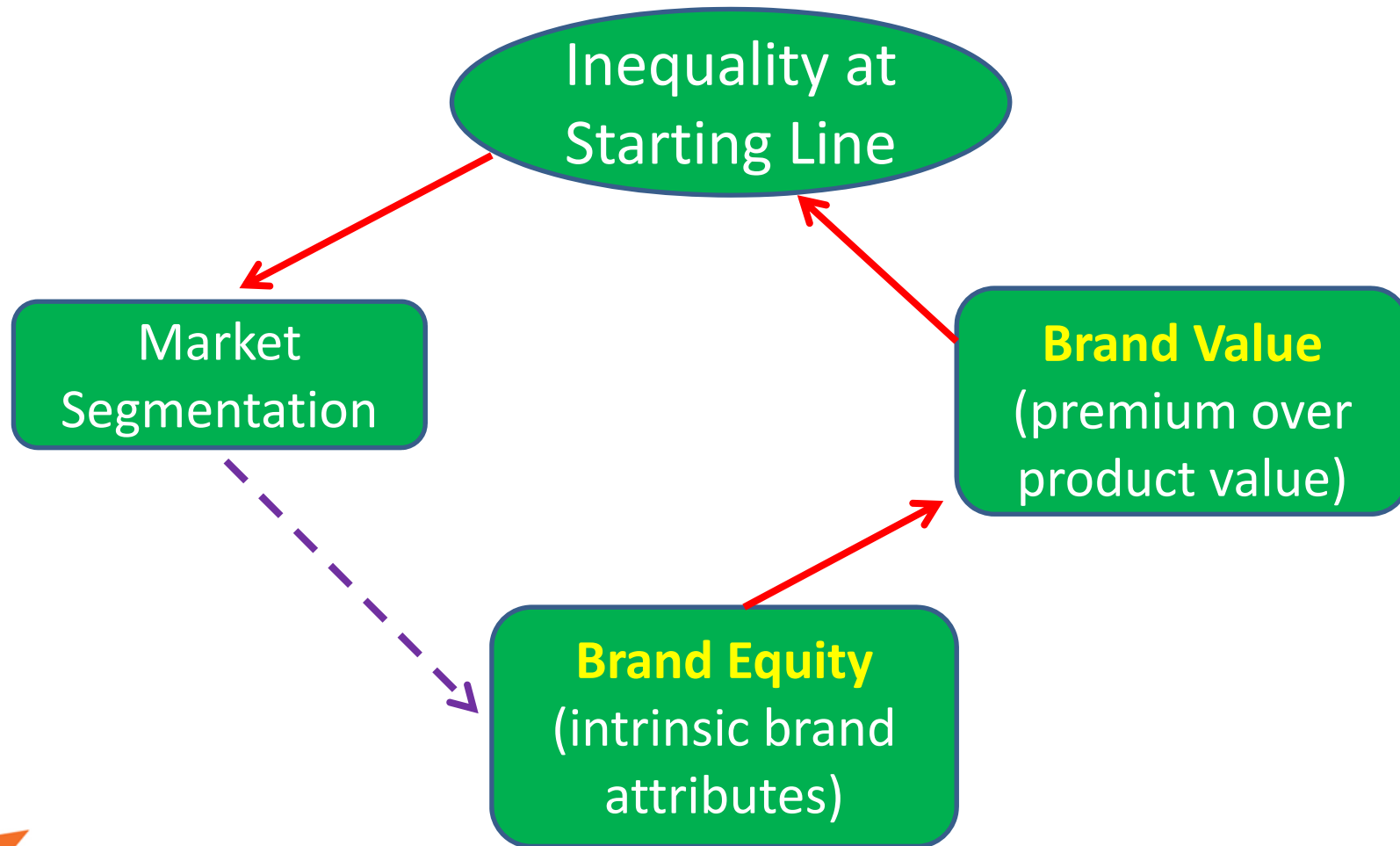
# Market Segmentation



# HEI competition



# Sources of Inequality in HEI Competition



## Right direction of present intervention on self-financed HEI by the government

- Start-up Loan
- Land Grant
- Accreditation Grant
- FASP (Financial Assistance Schemes for Post-Secondary Students)
- Vacant school premises
- Quality Enhancement Grant



# Rethinking Education

Pure  
Public  
Good



Pure  
Consumer  
Good



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# Rethinking Public Subsidy

**Total  
Subsidy**



**Total  
Self-Financed**



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# Rethinking 'Intervention'

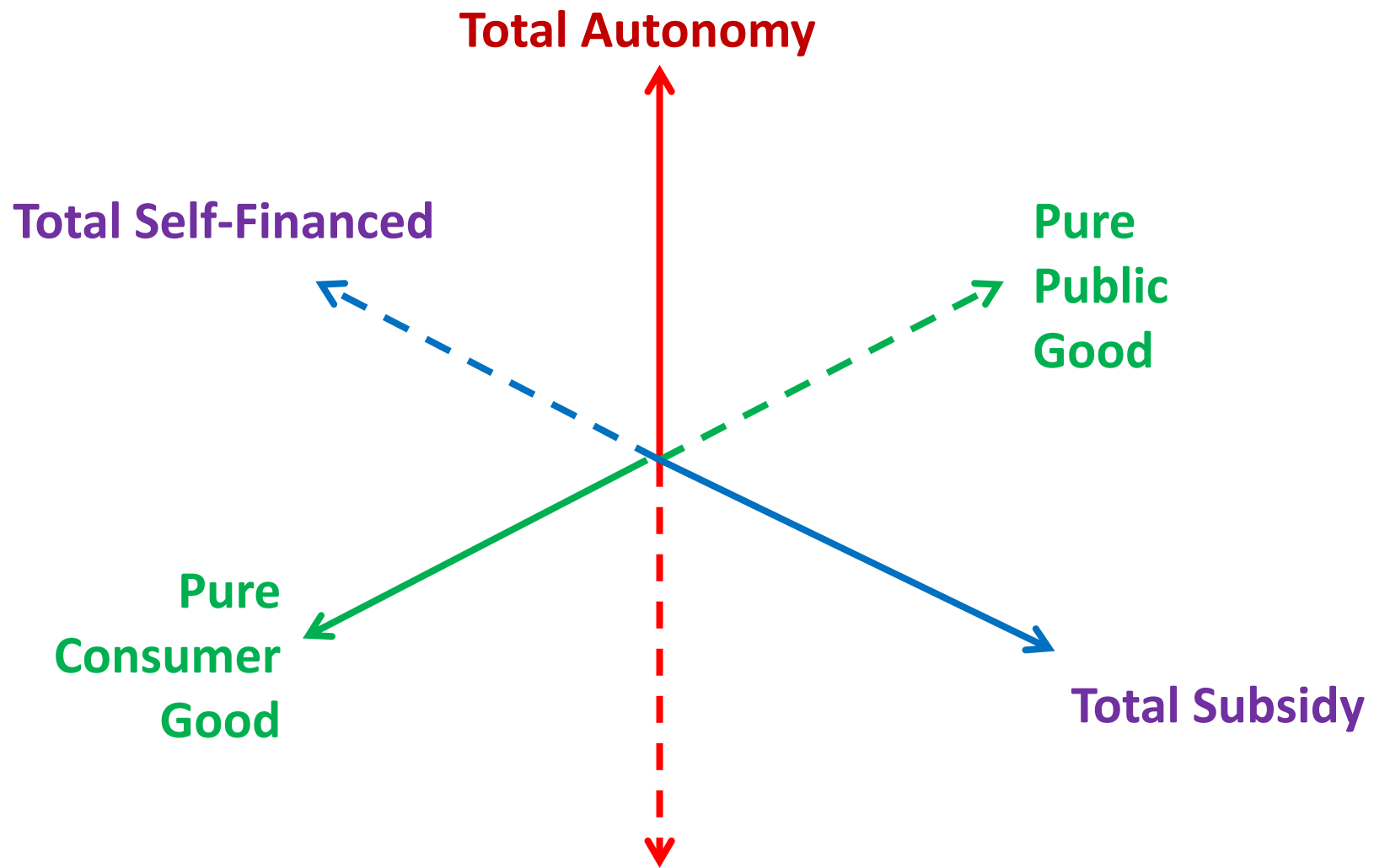
**Total  
Regulation**



**Total  
Autonomy**

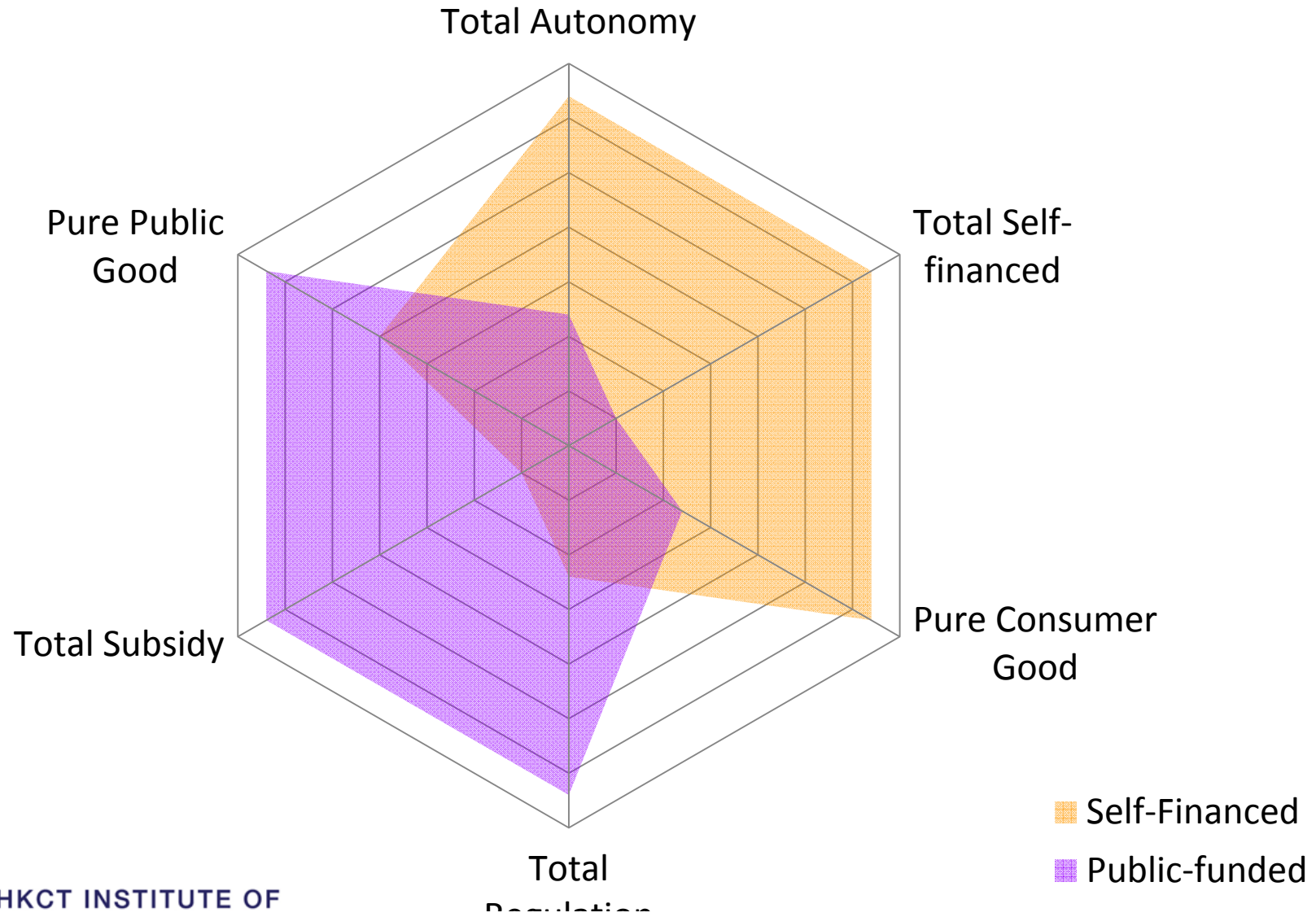


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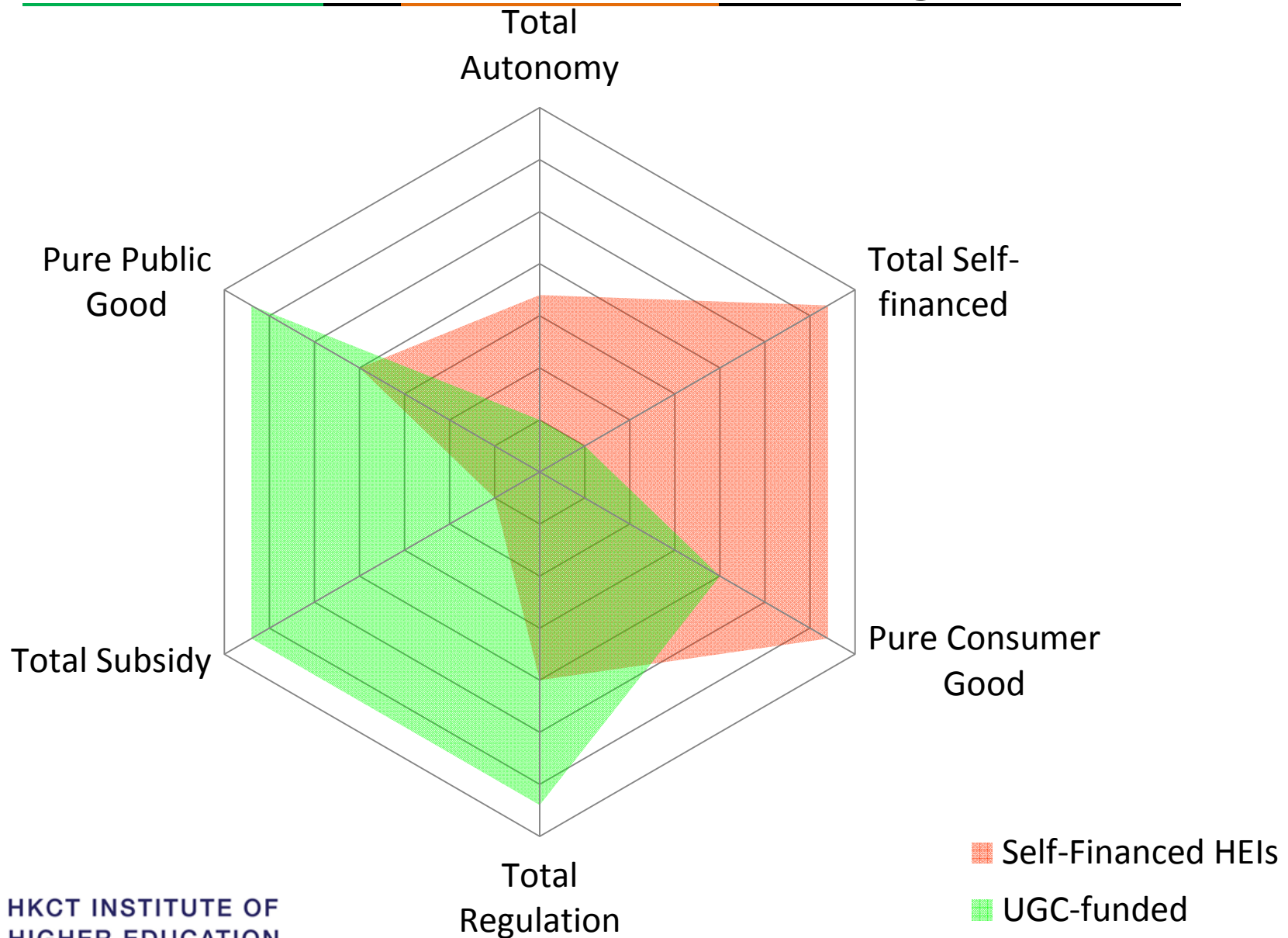




# Public-funded vs Self-financed (ideal situation)



# UGC-funded vs Self-financed (existing situation)



## Rethinking Roles of Self-financed HEIs

- from market stagnation to **market vibrancy**?
- from supplying manpower to enhancing **self-actualization**?
- from “traditional” programmes to **“flexible and current”** programmes?
- from market segmentation to **“market segmentation”+ “market infiltration”**?



# Rethinking Roles of the Government

- from regulation to “re-deregulation”?
- from regulation to quality “further”-enhancement?
- from regulation to greater autonomy?
- from planned development to multi-facet development?
- from subsidy **OR** self-financed to subsidy **AND** self-financed?



## Conclusion: Paradigm Shift Required

- *Aims of Education:*
  - individual aspiration + manpower supply
- *Nature of Education:*
  - Hierarchical Good
- *Diversification of HE:*
  - more level playing ground
- *Basis of Control:*
  - consumers right
- *Key of Success:*
  - quality



## Implications

- not only vocational/professional programmes, but also **student-interests-oriented**
- not direct competition with UGC-funded HEIs, but **infiltration to different / new market segments**
- not striving for equality in size and volume, but competitive edges in **flexibility and responsiveness to the market**
- not to regulate due to planned education development, but due to **consumers' right**
- not to use quality assurance as control mechanism, but as **enhancement of value for money**



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