

A Technical Research Report on The Development of Hong Kong as A Regional Education Hub

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LIST OF ACRONYMS

AEI	Australian Education International
AIP	Approval In Principle
CPE	Continuing Professional Education
DEEWR	Department of Education, Employment and Workplace Relations
DEST	Department of Education, Science and Training
EDB	Education Bureau
EMB	Education and Manpower Bureau
EMD	Education Market Development
ESM	Education Strategic Marketing
FGI	Focus Group Interview
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
G-to-G	Government to Government
HEI	Higher Education Institute
HKCAAVQ	Hong Kong Council of Academic Accreditation & Vocational Qualifications
HKTDC	Hong Kong Trade Development Council
HUCOM	Heads of Universities Committee
JQRC	Joint Quality Review Committee Limited
LPR	Landed Permanent Resident
MOE	Ministry of Education
MOI	Medium of Instruction
MOU	Memorandum of Understanding
MTI	Ministry of Trade and Industry
NLHPEC	Non-local Higher and Professional Education Courses
NUS	National University of Singapore
OECD	Organization for Economic Co-operation and Development
PGDE	Postgraduate Diploma in Education
PTS	Professionals/ Technical Personnel & Skilled Worker Scheme
QA	Quality Assurance
QAC	Quality Assurance Council
R & D	Research and Development
RELC	Regional Language Centre

RPg	Research Postgraduate
SAO	Student Affairs Office
SD	Sub-Degree
SPSS	Statistical Package for Social Science
SSD	Student Services
STB	Singapore Tourism Board
TPg	Taught postgraduate
Ug	Undergraduate
UGC	University Grant Committee
WTO	World Trade Organization

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- Institute of International Education (USA)

- Education Bureau, The Government of the Hong Kong Special Administrative Region
- Hong Kong Trade Development Council
- HUCOM Standing Committee on Internationalization
- Immigration Department, The Government of the Hong Kong Special Administrative Region
- University Grants Committee

- The Hong Kong Academy for Performing Arts
- Hong Kong Baptist University
- The Chinese University of Hong Kong
- City University of Hong Kong
- The University of Hong Kong
- The Hong Kong Institute of Education
- Lingnan University
- The Open University of Hong Kong
- The Hong Kong Polytechnic University
- Hong Kong Shue Yan University
- The Hong Kong University of Science and Technology

EXECUTIVE SUMMARY

A Technical Research Report on The Development of Hong Kong as a Regional Education Hub

Developing Hong Kong as a regional education hub is an important policy concern. Following the analysis of conditions for developing education hub in early 2007 (Cheng, 2007), a research team of the Hong Kong Institute of Education conducted a comprehensive study of the issues, challenges and possibilities in developing Hong Kong as a regional education hub.

The investigation conducted from April 2007 to January 2008 collected views and data from higher education stakeholders in Hong Kong and some emerging Asian markets through both qualitative and quantitative methodologies. It included 74 in-depth interviews and focus group interviews with representatives of higher education institutions (HEIs), policy bodies and Consulate Generals, as well as non-local students in Hong Kong; 16 document collections from HEIs and policy bodies, as well as questionnaires of 1370 participants in international education exhibitions, and students from Mumbai, New Delhi, Jakarta, and Kuala Lumpur. The research also included an integrated analysis of strategies and practices of exporting higher education services in Australia, the UK and Singapore.

The current situation

There were a total of 7293 non-local students enrolled in UGC-funded programmes of the eight UGC-funded tertiary institutions in 2007/08. The academic programmes of “engineering and technology” and “sciences” enrolled the largest numbers of non-local students (1872, 1717). But at the undergraduate level, the largest numbers of non-local students were in the academic programmes of “Business & Management” (1346).

From the data provided by the UGC-funded and non-UGC funded tertiary institutions as at January 2008, there were around 2811 non-local students enrolled in the non-UGC funded programmes with the Business and Management programmes sharing the largest student number (784, 27.9%).

The findings of the study indicate that the profile of non-local students in HEIs was lopsided, with most coming from Mainland China, and Hong Kong higher education was barely visible in some emerging Asian countries with growing demand for international higher education. In the academic year of 2007-08, over 92.5% of non-local students of University Grants Committee (UGC)-funded programmes in Hong Kong came from the Chinese Mainland, while only 4.8% and around 2.7% came from other places in Asia and the rest of the world respectively. Similarly, most non-local students (83.8%) of self-financed programmes came from Mainland

China while only 8.4% and 7.8% came from other places in Asia and the rest of the world.

The five leading sources of non-local students from Asia other than Mainland China in 2006-07 were Macau, Malaysia, Taiwan, India and Sri Lanka. But a high proportion of survey respondents in Mumbai (91.0%), New Delhi (67.6%), Jakarta (70.3%) and Kuala Lumpur (82.9%) still considered that the promotion activities of HK's higher education were not visible. Comparatively, students in these cities (except New Delhi) preferred Singapore than Hong Kong when they planned to study overseas.

Strategies employed by HEIs

To recruit overseas students, Hong Kong higher education providers have adopted three types of promotion strategies. The programme strategies included the provision of high quality education services, exchange programmes, and scholarships to overseas students. The marketing strategies included joining education expos and undertaking school visits, adopting multi-methods for publicity and networking. The organizational strategies were to establish administrative office to support international education.

Inadequacies of exporting and internationalizing higher education

As expressed by stakeholders, the inadequacies of exporting higher education included diverse views towards the education hub policy across and within sectors, inadequate visibility of Hong Kong's HEIs in the Asian countries, inadequate policy infrastructure such as hostels and financial assistance to support the recruitment of non-local students, the introduction of the 3+3+4 academic system and the issue of social integration of non-local students into the community.

Facilitating factors

Hong Kong being a safe and politically stable city and an international and financial centre, its close relation with the Chinese Mainland and various types of freedom enjoyed by people are factors helping attract overseas students. In addition, the good quality of higher education services, English as medium of instruction, programmes with opportunities of international exposure, low tuition fees and adequate student support facilitate overseas students to pursue their studies in Hong Kong.

Recommendations

Based on the research findings, the report makes the following recommendations for enhancing the prospect of Hong Kong's development as a regional education hub.

At the system level, the government should be proactive in strategic issues related to the education hub policy by building on current structural arrangements and enhancing the capacity of various bodies. For example, the expertise in trade promotion and extensive global networking of the HKTDC can be used. The government could enhance the international competitiveness of Hong Kong's higher education through an increase in research funding and undergraduate enrolment rate.

Providing sufficient places of accommodation, sustaining and enhancing quality assurance of higher education are the major tasks of the government in attracting students from the target markets. Most importantly, the government could help enter into policy dialogues and international agreements at the G-to-G level. Furthermore, different sectors should share the responsibility to continue to sustain Hong Kong's attractions and help integrate non-local students into the local community.

At the institutional level, the HEIs could develop strategic positioning plans in the global operation, strengthen inter-institutional collaboration to build the image of Hong Kong, establish multiple channels for stakeholders to deliberate and develop a shared vision, and set up communication networks among institutional units for better liaison. It is recommended that the HEIs develop a flexible MOI policy to cater for student needs, devise flexible programme structure, delivery modes and tuition fee systems, and adopt a whole-campus approach to promote multicultural awareness and social support.

As for the structural policies, it is recommended that the Hong Kong government should establish a designated agency to take the lead in coordinating and organizing regular education exhibitions, joint universities promotion activities at other large-scale education exhibitions. The designated agency could help build up a database of information for important education exhibitions and establish a free up-to-date and user-friendly quality database of Hong Kong education. Moreover, the designated agency should establish offshore offices to provide overseas students with information and guidance services on studying in Hong Kong and collaborate with representatives from all HEIs to conduct market research.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Internationalization becomes increasingly important in higher education in a globalized world. Exporting higher education services by recruiting overseas students is an integral facet of internationalization of higher education. Alongside this global trend, Hong Kong has embarked on developing itself into a regional education hub, and recruiting overseas students is an important part of this development.

In 2002, the University Grants Committee (hereafter, UGC) published the “*Report on Hong Kong Higher Education*”, proposing that Hong Kong develops its capability to export higher education services and eventually becomes the “education hub” in the region. In his Policy Address in 2004, the Chief Executive said, “We are promoting Hong Kong as Asia’s world city, on a par with the role that New York plays in North America and London in Europe”. The University Grants Committee (UGC) then shared the Chief Executive’s view and the vision of the Secretary for the Education and Manpower Bureau (hereafter, EMB) that Hong Kong could be developed as the education hub of the region in the higher education services sector (UGC, 2004). Due to Hong Kong’s strong link with the Chinese Mainland, its cosmopolitan outlook, its internationalized higher education, and its geographical location, the UGC believed that, Hong Kong in Asia will have a key presence on the world map of higher education, and that internationally competitive centres of excellence with critical mass can be established in Hong Kong.

Following that, in response to the report of China’s 11th Five Year Plan, the EMB (2005) also reiterated that Hong Kong is a strong candidate for becoming the regional hub of education by encouraging student exchange activities and facilitating the admission of non-local students, especially students from the Chinese Mainland, to study in the full-time accredited programmes at degree and above levels, both within and outside the UGC sector and sub-degree programmes on a personal basis. In this regard, the Hong Kong Trade Development Council (hereafter, HKTDC) published a research report on the potential of exporting higher education services to the Chinese Mainland in 2005 (Hung et al., 2005). In the 2006-2007 Policy Agenda, the EMB (2006) elaborated on the new and on-going initiatives in education, pointing out that a high-level inter-bureau steering committee chaired by the Chief Secretary for

Administration has been set up to examine the strategic issues relating to promoting Hong Kong as the regional hub of education. Such issues involve positioning and prioritizing the education hub policy including immigration control, boarding facilities, financial assistance, supporting local institutions to offer services outside Hong Kong and promotion strategies. On 10 October 2007, the Chief Executive Mr. Donald Tsang announced in his Policy Address increasing the percentages of non-local students in UGC institutions, allowing non-local students to work within the campuses and in summer and supporting more international schools in Hong Kong. These initiatives will further enhance the competitiveness of Hong Kong's higher education services in the region.

Given the multi-faceted nature of the development of Hong Kong as an education hub and its far-reaching implications, the project team initiated a research study in April 2007 to examine the emerging issues and challenges, following the analysis of conditions for developing education hub in early 2007 (Cheng, 2007). This study can provide insights for recommending corresponding strategies at system and institutional levels for the development of an education hub. Furthermore, given the intention of exporting higher education services to other countries, there is a need to refer to the international experiences and observations on the topic.

1.2 An international review: Exporting higher education

Exporting higher education seems to be a global trend among developed regions and countries. It not only helps develop a place as an education hub but also facilitates an internationalized environment of higher education. To attract non-local students to Hong Kong, there is a need to explore issues and challenges arising from the implementation of marketing strategies overseas, such as agreements on trade in educational services among members of the World Trade Organization (WTO). The following section will provide a background to the related concepts and key issues.

1.2.1 Internationalization of higher education

International education is one of the most significant service industries to emerge in the 1980s and 1990s. It is now becoming a global, market-oriented and private industry and therefore it needs to be managed and supported by clear strategies and policies at both system and institutional levels (Yonezawa, 2007). International trade in education services has expanded rapidly in recent years. It was worth at least US\$30 billion in 1999 or about 3% of total trade in services in OECD countries (Carrington, Meek &

Wood, 2007). Today, universities establish linkages with each other in order to form alliances to be able to compete for funds, students as well as faculties (Chan, 2004). The formation of such strategic alliances among partners across national boundaries speeds up globalization. Marginson & Wende (2007) argue that globalization combines economic and cultural change. It entails the formation of world-wide markets operating in real time in common financial systems and cross-border mobility of production and also rests on the first world-wide systems of communications, information, knowledge and culture, tending towards a single world community. The impact of global changes cannot be easily fended off by national governments (Chan, 2004) nor can the development of hybrid world cultures created by the mingling of global-brand culture and indigenous traditions (Scott, 1998). Internationalization is, to a certain extent, a response to the impacts of globalization. Internationalization recognizes national borders and the uniqueness of individual societies and cultures and urges international understanding and cooperation (Chan, 2004).

Harman (2005) considers that internationalization of higher education usually refers to a range of activities such as the international movement of students between countries, international links between nation states through open learning programmes and new technologies, bi-lateral links between governments and higher education institutions (hereafter, HEIs) in different countries for collaboration in research, curriculum development, student and staff exchange, and other international activities, as well as export of education with students studying either in their home country or in the country of the providers. Hsiao (2003) regards internationalization of education as including international student recruitment, exchange of academic programmes, studying abroad, working abroad, internationalizing the curriculum, and student and professor exchanges. De Wit (2002) points out that the rationales and incentives for internationalization are influenced and to a large extent constructed by the role and viewpoint of the various stakeholders including international, national, and regional governments; the private sector; institutions; faculty; and students. While each of the above scholars has a distinctive perception and set of priorities regarding internationalization, there is also substantial overlap.

1.2.2 An increasing demand for international higher education among Asian countries

For the future, there is great potential for exporting Hong Kong's higher education services to Asian countries other than the Chinese Mainland. According to the Organization for Economic Co-operation and Development (OECD, 2007), Asian students will dominate the global demand for higher education. The education database of the OECD shows that among the 30 top sending countries, students from China, Korea and Japan studying in the OECD countries number in the first, second and third places respectively, Indian students are in the seventh, Malaysian in the ninth, Hong Kong in the twelfth and Indonesian in the fourteenth (Table 1.1).

Table 1.1 Share of tertiary foreign students in OECD countries

Countries	Share of tertiary students abroad within the OECD area
1. China	7%
2. Korea	5%
3. Japan	4%
4. Greece	4%
5. Germany	4%
6. France	3%
7. India	3%
8. Turkey	3%
9. Malaysia	3%
10. Italy	3%
11. Morocco	3%
12. Hong Kong China	2%
13. U.S.A	2%
14. Indonesia	2%

Source: From OECD Education Data Base as at 2007
http://www.oecd.org/document/54/0,3343,en_2649_37455_38082166_1_1_1_37455,00.html

In forecasting global demand for international higher education, Bohm, Davis, Meares and Pearce (2002) have found that the global demand for international higher education is set to grow enormously. The demand is forecasted to increase from 1.8 million international students in 2000 to 7.2 million international students in 2025. Asia will dominate the global demand for international higher education. By 2025, Asia will represent some 70% of total global demand and an increase of 27 % from 2000. Within Asia, China and India will represent the key growth drivers, generating over half of the

global demand in international higher education by 2025 due to their blooming economies.

Since such great demand for higher education among Asian countries is predicted, it is strategically important for Hong Kong to take into account the General Agreement on Trade in Services (GATS) to explore the possibility of developing Hong Kong as a regional education hub.

1.2.3 GATS and WTO– Suppliers of education services

Export of higher educational services has become one of the new realities of internationalization and it has aroused the attention of GATS. GATS is a WTO treaty that came into force in January 1995 as a result of the Uruguay Round negotiations. The treaty was created to extend the multilateral trading system to services, in the same way the General Agreement on Tariffs and Trade (GATT) provides such a system for merchandise trade (WTO, 2007a). Education is one of the twelve service sectors covered by GATS. Education services are included in the new services negotiations, which began January 2000 (WTO, 2007b).

The GATS agreement covers four modes of supply for the delivery of educational services in cross-border trade, namely Mode 1: cross-border supply, Mode 2: consumption abroad, Mode 3: commercial presence, and Mode 4: presence of natural persons. Modes 1, 3 and 4 can be regarded as outbound modes in which the provision of educational services and the establishment of commercial facilities are cross borders and the services providers and professors are working aboard to render service. Mode 2 is regarded as an inbound mode where the students move to the country of education services suppliers (Table 1.2).

Countries can, in principle, freely decide where to liberalize on a sector-by-sector basis, including which specific mode of supply they want to use for a given sector. However, the target of those driving the negotiations is often total liberalization. Member countries' commitments are governed by a "ratchet effect" meaning that commitments are one-way and cannot be wound back once entered into.

According to the Centre for Educational Research and Innovation (2007) of OECD, cross-border higher education is becoming an intriguing but very complicated phenomenon. The mobility of students, university faculties, knowledge and even values has been part of higher education for many years. However, there has been significant growth in the mobility of higher education programmes and providers through physical

and virtual modes of delivery in the last two decades. Many new opportunities of increased access to higher education, transnational strategic alliances and the expansion of human resource and institutional capacity have arisen.

Table 1.2 Four modes of supply of education service

Modes	Criteria and examples	Supplier Presence
Mode 1: Cross-border supply	Service delivered within the territory of the Member, from the territory of another Member (distance education, e-learning, virtual universities)	Service supplier not present within the territory of the member
Mode 2: Consumption abroad	Service delivered outside the territory of the Member, in the territory of another Member, to a service consumer of the Member (Students go to another country to study)	
Mode 3: Commercial presence	Service delivered within the territory of the Member, through the commercial presence of the supplier (Local branch or satellite campuses, twinning partnerships, franchising arrangement with local institutions)	Service supplier present within the territory of the Member
Mode 4: Presence of a natural person	Service delivered within the territory of the Member, with supplier present as a natural person (Professors, teachers, researchers working abroad)	

Source: Retrieved from http://www.wto.org/english/thewto_e/thewto_e.htm as at 9 September 2007; Knight (2002)

1.2.4 Strategies of promoting higher education

For many students and families, deciding to study abroad is one of the most expensive and important initiatives they have undertaken. Problems of promotion may emerge due to differences among different Asian countries. For instance, India is quite different from Indonesia in terms of English language ability. Thus the international promotion strategy of an education institution needs both sophistication and sensitivities. A review of the relevant literature has identified factors critical to the success of education institutions operating in international markets.

First, it is of paramount importance to pay attention to the quality of higher education. Mazzarol & Hosie (1996) state that developing an image of quality of the curriculum and a reputation for quality of the institution in the Asian countries is an essential starting point for elaborating strategies for marketing international education. It can help develop good level of recognition leading to comparative advantage in the market. Mazzarol (1998) has found that the ability of institutions to recruit quality staff can also be a critical success factor. Moreover, forming international strategic alliances will help lower the cost of establishment (Mazzarol & Hosie, 1996). Giggs (1993) highlights that

a “twinning arrangement” where two institutions set up an alliance and collaborate in the provision of degrees can help enhance quality and comparative competitiveness in the Asian countries. If the institution possesses offshore teaching programmes and recruiting offices in the Asian countries, it can help facilitate enrolments and eventually help generate funds for the institution (Nelson, 2002).

In addition, competitive advantage can be achieved through effective use of information technology and technical superiority (Mazzarol & Hosie, 1996). Technologically mediated learning can help reduce education time compared with traditional teaching methods (De Blooies, 1988). Since offices and homes throughout the world are linked by tele-communications and information technology network, greater use of open learning and distance learning via multimedia will be feasible for exporting higher education overseas (Lundin, 1993).

Effective use of government promotion agencies can also contribute to exporting higher education. The governments of Australia, Canada, the UK and the USA have made considerable investment in setting up and maintaining professionally-run, well-resourced education information and promotion centres in the Asian countries (Mazzarol, 1998). The importance of financial support from the government and financial performance of a tertiary institution has been highlighted in the literature (Buzzell & Gale, 1987; Mazzarol & Hosie, 1996). To manage quality, the government can play a role in assisting higher education providers to obtain sufficient funding to undertake research programmes of an international standard. As for agents who help promote higher education overseas, Davis (1989) points out that relying heavily on private recruiting agents will involve risks to a certain extent as there have been some instances of unethical practice. There is a need to recognize the differences between overseas markets so as to adopt different market entry strategies (Smart, 1988). The possession of a strong alumni base, size of student population, size of campus and possession of a large market share have been viewed as sources of competitive advantage in marketing and promoting higher education services of a country (Mazzarol, 1998).

To promote higher education overseas, Brown (1984) developed a model of “Steps in Marketing Programme” that was further extended by Hsiao (2003) to include the following steps; (1) programme recognition and definition; (2) objectives; (3) marketing segmentation; (4) strategies; (5) implementation, and (6) evaluation and control.

Knight and de Wit (1995) and de Wit (2002) conceptualize two categories of strategies for the internationalization process of higher education, namely, programme strategies and organizational strategies. Programme strategies refer to those academic activities and services of a higher education institution that incorporate international dimensions such as provision of student exchange, joint degree programmes and international student programmes, research and scholarly collaboration, provision of student scholarship programmes and development of profit-based courses or programmes, distance education programme, offshore programmes and campuses. Organizational strategies, on the other hand, refer to the commitment and support of the governors and senior administrators of the HEIs, the support and involvement of a critical mass of academic staff, adequate funding support, incentives and rewards for staff, as well as the cultural and social environments. It has been stressed that equal attention has to be given to both the programme strategies and organizational strategies.

The above international experiences in promoting higher education overseas can provide a good reference for Hong Kong to develop its own strategies in the context of Asia region.

1.2.5 Issues and challenges of exporting higher education services

While Hong Kong has taken steps towards developing as an education hub through exporting higher education services to the Asian region, there are still challenges in promoting higher education overseas that require Hong Kong to revisit different aspects of their policy on internationalized tertiary education. For example, the Education Bureau (EDB) (2007) of Hong Kong has issued new regulations for non-local courses registry, and frameworks for quality assurance and private higher education.

In fact, the growth in the mobility of higher education programmes and providers has the potential to lead to an increase in low quality or rascal providers and agents, and a lack of recognition of foreign qualifications by domestic employers or education institutions which will create numerous tensions (Centre for Educational Research and Innovation, 2007; Meek, 2002).

The research conducted by Romm, Patterson and Hill (1991) confirmed that failure of social interaction with domestic students was a major source of course dissatisfaction for international students. Indeed, recent research findings indicated that there are a number of other factors that affect the study life of overseas students, such as students' aspirations, perception of their courses and institutions, impact of culture and values on

learning environments, learning autonomy and styles of learning (Harman, 2005). Teaching methods especially suitable for international students have also drawn researchers' attention (Lilley, 2001).

Knight (2002) has identified some possible barriers related to the four modes of supply of education services indicated by GATS. In the mode of "Cross Border Supply", there may be inappropriate restrictions on electronic transmission of course materials, excess fees or taxes imposed on licensing or royalty payments, requirement to use local partners and lack of qualified degree granting institutions. In the mode of "Consumption Abroad", insufficient financial support to students, visa requirements, and costs of living are of paramount importance, while quotas on numbers of international students, restrictions on employment while studying and recognition of new qualification by other countries are salient impediments. In the mode of "Commercial Presence", the possible barriers include high subsidization of local institutions, measures requiring the use of local partners, rules for twinning arrangements, tax treatment which discriminates against foreign suppliers, and difficulties in obtaining authorization to set up facilities. Finally, immigration requirements, nationality requirements, employment regulations, recognition of credentials, quotas on number of temporary staff, and restrictions on the use of educational materials by foreign tutors are probably barriers in the mode of "Presence of Natural Persons".

Due to the expansion of international education market, there have been several impediments for further marketing such as an increase in tuition fees, government regulation covering immigration, lack of information on international competitiveness of local education providers, low priority of liberalizing education markets among WTO members, the absence of international standards for quality assurance and accreditation in higher education, lack of international agreement to protect intellectual property and the political pressure from non-government organizations to oppose the liberalization of education services (Carrington, Meek and Wood 2007).

The international issues and challenges in exporting higher education services provide some useful insights for policy makers and stakeholders of higher education in Hong Kong to consider policies and strategies for developing Hong Kong as a regional education hub.

1.2.6 Experiences of Australia and Singapore in exporting higher education services

To promote an institution's higher education, there is a need to obtain sufficient, reliable and timely information on the education activities and national education systems of potential competitors (Mazzarol, 1994). In this regard, to develop Hong Kong as an education hub, the experience of Singapore and Australia in exporting higher education services should be taken into account. The following discussion will provide background information on what these two countries have been doing in promoting their higher education in the region.

The expenditure on research and development (hereafter, R & D) of a country can have a positive impact on both its technological advancement and its higher education sector. Whilst Hong Kong spent only about 0.79% of her GDP on research and development in 2005, the figures for Singapore and Australia are 2.4% and 1.76% respectively (Legco, 2008). A table showing R & D expenditures as a percentage of GDP of different economic systems is given below.

Table 1.3 R & D expenditure as percentage of GDP (2005)

Economic Systems	Research and Expenditure Expenses as % of GDP
1.Japan	3.53
2.U.S.A	2.68
3.Korea	2.63
4.Switzerland	2.57
5.Taiwan	2.52
6.Singapore	2.36
7.Australia	1.76
8.United Kingdom	1.76*
9.Chinese Mainland	1.34
10.Ireland	1.33
11.New Zealand	1.17
12.Hong Kong	0.79

Source: Legco Paper, 2008, retrieved as at 21 February 2008 from <http://www.legco.gov.hk/yr07-08/chinese/fc/fc/papers/f07-46c.pdf>

*The U.K. data here is retrieved from National Statistics (2007)

It should also be noted that Singapore has worked assiduously to expand subsidized university places to her student cohort. In 2007, for example, 23.5% of the student cohort was offered first degree places in the three universities. This represented

significant improvement over the 20.8% achieved in 2000 and the 15% achieved in 1990. This outstrips Hong Kong's 18%. The target of Singapore at the time of this writing is 25% but in a speech given on 19th August, 2007, Prime Minister Mr. Lee Hsien Loong further explained that the aim will be further raised to 30% by 2015 (Ministry of Education, Singapore, 2008). Singapore has also encouraged her polytechnics to link up with foreign specialised institutions to offer degree programmes in niche disciplines. An example is Ngee Ann Polytechnic's joint venture with Wheelock College from the U.S.A to offer a degree programme in early childhood education. Australia too has tried to increase the number of university places in recent years. An increase in university places can enhance both the general educational level of the society and the capacity of the HEIs. These can be helpful in attracting non-local students.

Australia offers scholarships to international students on a competitive basis. There are a number of scholarship programmes under the government initiative known as Australian Scholarships. These programmes aim at high-achieving students, researchers and professionals, and developing leaders. Examples of such scholarships include the Endeavour Programme which is meant for outstanding students; Australian Leadership Awards for future leaders; and Australian Development Scholarships for promoting good governance and development of the developing countries (Study in Australia, 2008).

Whilst the Australian government hands out scholarships and grants on a competitive and selective basis, the Singaporean government offers a comprehensive package of financial aids to non-local students. The Singaporean government offers scholarships to non-local students through the Singapore Scholarship. Besides scholarships, non-local students can also apply for Tuition Fee Grant if they are willing to sign a deed that requires them to work in a Singapore-registered company for three years upon completion of study. The Tuition Fee Grant administered by the Ministry of Education (MOE) subsidizes up to 80% (Singapore Education, 2007) of tuition fees and is available to all students. Bursaries, which are administered by the universities, are also available based on financial needs, and usually do not exceed S\$1,500 per academic year. Besides, study loans, payable upon graduation or completion of the programme, are often available at favourable interest rates. The scholarships Singapore offers can be important in attracting non-local students.

The Australian government leaders have taken an active role in securing international agreement with other governments to further promote their higher education. Australian government officials have visited many developing countries such as India, Indonesia,

China, Pakistan and Malaysia to discuss higher education collaboration. The Australian government has also facilitated dialogues between governments on educational matters.

Singapore is no exception in this regard. The Singaporean government has worked together with different countries to pursue her goal of becoming a regional hub of education. The government of Singapore and Johns Hopkins Medicine reached an agreement in 1998 to develop the first private medical facility which combined research and teaching with clinical services in Singapore. The Singaporean government also signed a Memorandum of Understanding (MOU) with other Asian countries like Vietnam and Malaysia for strengthening each other's knowledge in subjects such as sciences and mathematics, information and communication technology, school leadership and educational administration (Ministry of Education, Singapore, 2007). It should be noted that Singapore has been active in reaching agreement with, and attracting, renowned overseas universities to set up campus in Singapore and this also spearheads Singapore's drive to become a regional hub of education. Apart from Johns Hopkins Singapore, examples comprise the University of New South Wales and the Chicago Graduate School of Business.

The Australian government increases funding for institutions in areas such as education, science and training courses without any conditions in order to reform the university landscape and improve their quality. Extra investment in higher education is made to universities that can improve flexibility for student enrolment, course design, or can prove their needs for structure reform etc. (Budget Information, 2007).

The Singaporean government has launched the *Singapore Education* awards to motivate more industry collaboration and exchange of best practices and ideas. The awards are managed by the Singapore Tourism Board. The awards encourage members to strive for higher levels of professionalism in the promotion of Singapore education to overseas students. The awards cover a wide range of areas. Examples of such awards include Best Media Coverage for *Singapore Education*, Best International Marketing Effort, Best Host for International Students Studying in Singapore, Best Educational Event Organized by a Public Educational Institution and Friend of International Students (Singapore Tourism Board, 2007).

Both Singapore and Australia have central agencies, either government units or public bodies supported by public funds, to facilitate their export of educational services. The central agency that works to promote higher education in Australia is Australian Education International (AEI). AEI is a part of the Department of Education,

Employment and Workplace Relations (DEEWR) (formerly known as the Department of Education, Science and Training or DEST). Its purpose is to promote Australian higher education strategically based on the needs of the national interest. AEI helps establish government relations by developing Memorandum of Understandings and facilitating dialogue on education issues with governments around the world. Its international staff works to enhance Australia's profile by working with international gatekeepers and students. It also reports on market information to the sectors involved and carries out research on the markets. It promotes Australian education overseas by brand positioning and by making use of the website "Study in Australia", promotional events, and in-country promotional campaigns. Other activities include industry regulation through protecting international students' tuition fees and ensuring that HEIs follow the national code of practice. AEI also provides assessment services and offers advice on recognition of educational and professional qualifications from around the world.

In Singapore, *Singapore Education* is a multi-government agency initiative launched by the Singaporean government in 2003 to promote Singapore as a regional education hub. The government agencies discussed here are actually statutory boards or semi-independent agencies that specialize in carrying out plans and policies of the Ministry of Trade and Industry (MTI). *Singapore Education* is led by the Singapore Economic Development Board. Under this drive, different government agencies work together to facilitate the export of Singapore's education services. The Singapore Economic Development Board works to attract internationally renowned educational institutions to set up campuses in Singapore.

The Singapore Tourism Board (STB) runs an Education Services Division with the specific aim of promoting Singapore as a premier education hub and of helping international students to make informed decision to study in Singapore. STB helps increase brand awareness and reach out to the Asian countries. Apart from participating in overseas education fairs, it has organized different promotional activities, such as international conferences and road show events. Recent examples of international academic conferences held in Singapore are the 5th Asia Pacific Medical Education Conference held in the National University of Singapore in January of 2008; and the APS Global Education Conference supported by the Ministry of Education and held in July 2007. Another international seminar, the 43rd Regional Language Centre (RELC) International Seminar was held in April, 2008. There were representations from both the East (Malaysia, Singapore, Thailand and Vietnam etc.) and the West (Australia, Canada, Germany and France etc.). The main purpose of the seminar was to provide

constructive direction to the forces and the challenges of change in the contemporary world through joint and cooperative efforts for regional educational development.

In Singapore, the Education Services Division comprises three units, each with its specific terms of reference. The Education Market Development (EMD) handles the organization of education exhibition and seminars, training of education counselors, and cultivation of international media. Education Strategic Marketing (ESM) helps with brand advertising and publicity, competitive analysis and research, and industry capability development. Finally, Student Services (SSD) looks after services for students who have gone to Singapore for study in areas such as education counseling, orientation programmes and student feedback.

Apart from the Singapore Economic Development Board and the Singapore Tourism Board, there are other government agencies that help to promote the export of education services of Singapore. International Enterprise Singapore helps quality schools in Singapore to develop their businesses and set up campuses overseas. Spring Singapore, on the other hand, administers quality accreditation for private education organizations in Singapore.

In Singapore, programmes for attracting talented and skilled people include: 1) Landed Permanent Resident (LPR) for people with professional / tertiary qualification from a famous institute, 2) Approval In Principle (AIP) for the people of Hong Kong, 3) Foreign Artistic Talent Scheme for people who have talents in arts, photography, dance, music, theatre, literature, and film etc, 4) Professionals/Technical Personnel & Skilled Worker Scheme (PTS) for people who have already been working in Singapore on a stable and dependable job with a valid Employment Pass, and 5) Deposit Scheme for entrepreneurs (SMC Singapore Immigration, 2006)

Due to the declining birth rate and the influence of globalization, attracting skilled/talented people is obviously the purpose of both countries in setting up of the immigration schemes. Young and professional people are in great demand in our competitors' countries to help make those countries' economies vibrant and competitive.

In Australia, the local higher institutions offer various forms of collaborative / joint degrees with other countries. Among them, dual and collaborative degree programmes are very popular. Australian universities have searched for different opportunities for cooperation with other countries, especially with some Asia-Pacific countries such as

Indonesia, China and others (AEI Indonesia Newsletter, 2007; Group of Eight, 2007). According to the reply we got from the Australian consulate in Hong Kong, joint programmes of Australian institutes with China and other countries are carried out under strict regulations. This helps guarantee the standard of the co-operation.

Collaborative/Joint degrees have also become important in Singapore (McPhee, 2005). The National University of Singapore (NUS) collaborates with Duke University, U.S.A to establish a graduate medical school in Singapore (Overland, 2005). The NUS cooperates with Georgia Institute of Technology in offering a dual MS degree in logistics (Rollins, 2007). The National University of Singapore and Nanyang Technological University have allied with Massachusetts Institute of Technology in offering high-tech programmes such as Advanced Materials and Micro- and Nano-System, and Molecular Engineering, etc (Singapore-MIT Alliance, 2007).

In brief, the experiences, policies and strategies of Singapore and Australia in exporting their higher education and establishing themselves as education hubs in the Asia-Pacific region provide fruitful insights and sophisticated models for Hong Kong policy makers and higher education providers to consider their ways of development.

1.3 Objectives and significance of the study

The overview of the export of higher education services and the internationalization of higher education in the international context provides the project team with an overall background of the issues, challenges and experiences in promoting higher education, especially in the Asian Pacific region. The experiences of Singapore and Australia render the team insights into the process of developing an education hub. This study aims at examining the current provision of higher education services for non-local students in Hong Kong, investigating the factors facilitating and impeding international students particularly of three selected Asian countries to study in Hong Kong, identifying the related issues and challenges, and finally making policy and strategy recommendations at both system and institutional levels for the development of Hong Kong as a regional education hub.

This study is significant in three aspects. First, identifying the issues and challenges expressed by various stakeholders and the needs of prospective international students from three selected Asian countries, namely India, Indonesia and Malaysia will enable us to seek effective strategies to enhance the prospect of Hong Kong's promoting of higher education services and to better position Hong Kong to become an education

hub in the region. Second, the recommendations made in this report will contribute to the ongoing policy debate and discussion in the Hong Kong community and the continuing endeavour of internationalization of higher education in the Asia Pacific region. Thirdly, as exporting higher education overseas has become increasingly important in many developed countries, the study will add to the international literature and understanding on this timely topic.

1.4 Outline of the report

This report is divided into four major sections. The first chapter gives the background to this study and presents an overview of international experiences and issues on exporting and internationalizing higher education services with Singapore and Australia as illustrative cases. The second chapter describes the research design of the study including the framework of the study and methods employed for data collection. The findings of the current provision of higher education services for non-local students in Hong Kong, the factors that facilitate or hinder international students to consume higher education services in Hong Kong as well as the conditions and suggestions proposed by various stakeholders for developing an education hub are presented in Chapters three and four. Finally, recommendations drawn from the analysis and findings on appropriate measures and strategies at both system and institutional levels for the development of Hong Kong as a regional education hub are put forward in Chapters five and six.

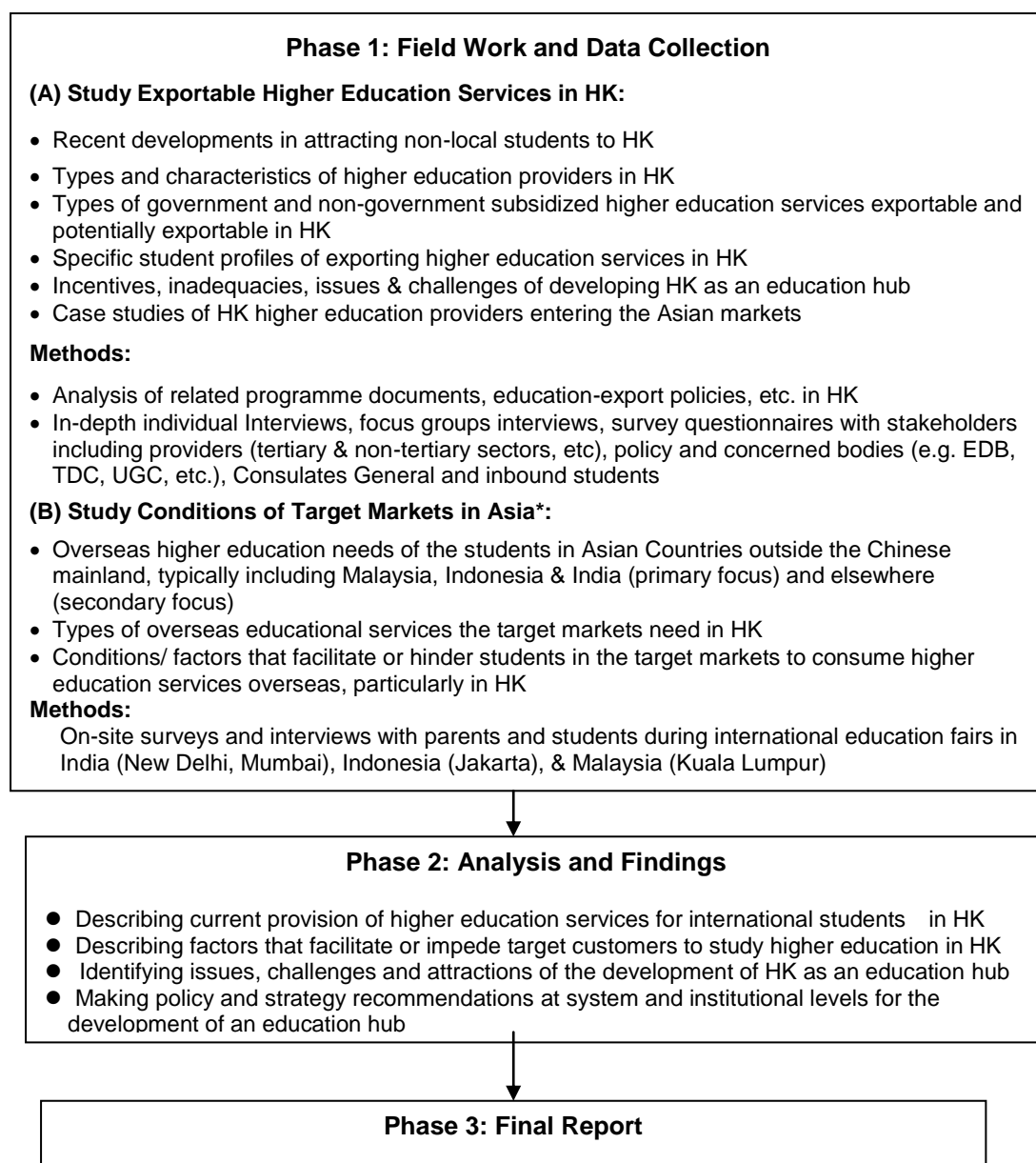
CHAPTER TWO

RESEARCH METHODOLOGY

2.1 Framework of the study

Figure 2.1 sets out the conceptual basis and organization of the study. The operation has three phases, namely “Phase 1: Field Work and Data Collection”, “Phase 2: Analysis and Findings” and “Phase 3: Final Report”.

Figure 2.1 Conception and organization of the research



*This part of study had been used to contribute to another project commissioned by TDC in 2007 (Cheng, et al., 2008)

2.1.1 Phase 1: Field work and data collection

Phase 1 was mainly on collecting data from (1) various higher education stakeholders including providers (tertiary & non-tertiary sectors, etc), policy and concerned bodies (e.g. EDB, HKTDC, UGC, etc.), Consulates General and inbound students, and (2) on-site surveys in the international education fairs and off-site surveys of local communities with students and parents in India (New Delhi, Mumbai), Indonesia (Jakarta), & Malaysia (Kuala Lumpur). The study began with an overview of recent developments in higher education services in attracting non-local students to study in Hong Kong. This included the types and characteristics of higher education services providers involved, types of education services and courses that are currently offered in Hong Kong, and types of non-government subsidized higher education services exportable and potentially exportable in Hong Kong. The overview also contained specific profiles of inbound students, case studies of best practice of Hong Kong higher education providers entering Asian countries, and most importantly description of factors such as incentives, issues and challenges of developing Hong Kong as a regional education hub.

2.1.2 Phase 2: Analysis and findings

In Phase 2, the focus was on analyzing data collected from Phase 1. Data analysis was composed of the following steps: (1) describing current provision of higher education services for non-local students in Hong Kong; (2) identifying incentives, issues and challenges of the development of Hong Kong as an education hub; and (3) making policy and strategy recommendations at both system and institutional levels for the development of an education hub.

2.1.3 Phase 3: Final report

The final report was written up with reference to the findings analyzed and interpreted from the data collected in the first and second phases.

2.2 Methods of data collection

To understand the holistic situation of the opportunities for developing Hong Kong as a regional education hub through understanding the current situation of higher education providers in Hong Kong and the conditions of three selected Asian countries, five key methods—namely in-depth interviews, focus group interviews (hereafter, FGIs),

document analysis, questionnaire survey and case studies were used both in Hong Kong and in three selected Asian countries.

2.2.1 In-depth interviews and FGIs

In-depth individual interviews and FGIs were the main methods adopted to collect data. There were various sets of interview questions for different stakeholders such as higher education providers, policy makers, Consulates General and non-local students in Hong Kong and in the selected Asian countries. FGIs were usually employed with groups of non-local students. The project team designed an interview schedule in which open-ended questions covering all major areas stated in Phase 1 were included (Appendix A1). The length of each interview lasted about an hour.

2.2.2 Document collection

Relevant documents regarding higher education provision and regulations were collected from government officials in Hong Kong and from the website of those specified policy makers and higher education providers. These documents yielded insights into the current practices and situation of higher education provision and policies in Hong Kong.

2.2.3 Survey questionnaires

A small scale survey with a sample of 55 tertiary students from the Chinese Mainland and other overseas countries and another large scale one with more than 1,000 students were conducted in Hong Kong and in three selected Asian countries respectively. They were sampled by means of convenience and snowball sampling methods. The survey questionnaire consisted of five major sections: (1) need for pursuing higher education overseas, including types of degrees and overseas countries preferred; (2) types of educational services; (3) factor facilitating or hindering students to study in Hong Kong; and (4) promotional activities of Hong Kong's higher education (Appendix A2). Since English is served as a dominant world language, the survey questionnaire was provided in English in India and Malaysia. However, due to limited English proficiency of many prospective students and parents in Indonesia, the survey was administered in local language.

2.2.4 Sampling

2.2.4.1 Hong Kong

Government funded and non-government funded higher education providers, policy makers including representatives of Immigration Department, the HUCOM Standing Committee on Internationalization (hereafter, HUCOM representative), Education Bureau (hereafter EDB) and UGC, Consulates General of India, Malaysia and Indonesia and non-local students were selected for in-depth individual interviews or FGIs according to the procedures of purposeful sampling suggested by Lincoln & Guba (1985). They were chosen because the project team identified that they would provide thickness of information and maximum variations to the analysis concerning the current situation and expectation on Hong Kong's higher education services. Each sample was chosen "to extend information already obtained, to obtain other information that contrasts with it, or to fill in gaps in the information obtained so far" (Lincoln & Guba, 1985, p.201). Snowball sampling was employed in interviewing non-local students. After each interview, the project team members invited each non-local student to introduce another one for interviews. Sampling was completed when the data obtained from previous respondents were replicated and repeated by additional interviewees.

Though the period of data collection ranged mainly from May 2007 to January 2008, it is worth noting that data of all interviews had almost been completed before the Policy Address in October 2007 in which some new measures for developing Hong Kong as an education hub were announced by the Chief Executive. The project team conducted interviews, FGIs, case studies, a questionnaire survey and document analyses in Hong Kong as specified in Table 2.2.

The project team conducted a total of 74 interviews, out of which 21 were with HEIs funded by the University Grants Committee, two with non-UGC funded HEIs, five with local policy makers, 30 with non-local students, three with alumni, three with Consulates in Hong Kong, three with official agents of other exporting countries, and seven FGIs with non-local students. There were a total of three case studies conducted with non-UGC funded education services providers. Sixteen documents were also collected from the local HEIs, Hong Kong policy bodies, and foreign education services providers. In addition, the project team also conducted a survey of non-local students and alumni in Hong Kong. A total of 55 participants were involved. The participants were non-local students studying in universities in Hong Kong. They were mainly post-graduate students.

Table 2.2 Samples and data collection in Hong Kong

Interviews

Stakeholders	Number	Total
- UGC funded HEIs	21	21
- Non UGC funded HEIs	2	2
- Local policy makers/advisers	5	5
- International competitors	3	3
- Non-local students in HK	30	30
- Consulates	3	3
- Alumni	3	3
Total		67

FGI

	Number	Total
- Non-local students in HK	7	7
Total		7

Survey questionnaires

Stakeholders	Number	Total
- Non-local students in HK*	49	49
- Alumni	6	6
Total		55

Case Studies

	Number	Total
- Non UGC funded HEIs	3	3
Total		3

Documents

	Number	Total
- Local HEIs, Hong Kong policy body, & foreign education services providers	16	16
Total		16

* Note: Not yet included those 1,370 respondents surveyed in the four Asian cities

2.2.4.2 Selected Asian countries

From April 2007 to January 2008 the project team conducted questionnaire surveys in four cities of three selected Asian countries—Mumbai, New Delhi, Jakarta, and Kuala Lumpur. There were a total of 1,370 questionnaires being collected in this study. The survey respondents in selected Asian countries included that of the onsite expos and the offsite local community. 900 questionnaires have been collected at education expos and 470 from the local communities (Table 2.3 refers).

Table 2.3 Data collected in four cities of three selected Asian countries

Cities Countries		Mumbai, India	New Delhi, India	Jakarta, Indonesia	Kulua Lumpur, Malaysia
Expo	Questionnaire Surveys (Student and Parents)	187	248	220	245
Local Community	Questionnaire Surveys (students)	90	63	83	234
	Total	277	311	303	479
		1,370			

It should be noted here that to be in line with the method of categorizing overseas students in tertiary institutions adopted by the UGC of Hong Kong, the category of non-local students used in this study refers to students from the Chinese Mainland and other countries of the world. For students from the Asian region, the UGC divided them into students from the Chinese Mainland, which form the bulk of non-local students in Hong Kong, and those from other Asian countries. The student samples chosen for this study were mainly those from selected Asian countries other than the Chinese Mainland, including India, Indonesia and Malaysia plus a few from other Asian countries because, to develop Hong Kong as a regional education hub, it is necessary to promote her higher education services to other Asian countries in addition to the Chinese Mainland.

2.3 Data analysis

The study generated both qualitative and quantitative data. The qualitative data from the interviews were transcribed and reviewed by the project team. Recurring themes and relevant information were grouped into categories in the findings sections. Analysis of the quantitative data was assisted by a computer programme – Statistical Package for Social Science (SPSS version 12). The findings informed the inductive analysis of the present study.

2.4 Limitations of the study

The study focused on identifying issues, challenges, and recommendations in the development of Hong Kong as a regional education hub. There were several limitations of this study. First, it proved difficult to locate non-local students in Hong Kong from selected Asian countries, especially the alumni. While this provides a clue about the relatively small size of the non-local student population from selected Asian countries, caution is needed to interpret the findings generated because of the small number of respondents, especially in the questionnaire survey.

In addition, the project team found it difficult to gain access to some departments of some institutions for interviews or descriptive data. Furthermore, the three Hong Kong case studies presented in Chapter Three were confined to MBA programmes and were exemplary practices and are not intended for generalization. However, these findings might shed light on other similar groups or illuminate some implications for the current situation of higher education. As for data collection in three selected Asian countries, random sampling was not possible for both survey questionnaires and interviews due to difficult access to certain stakeholders and schools in these countries. Thus, the results were directly descriptive to the sample groups and the findings of the study were only indicative, not conclusive. Having said that, we believe our findings could generate insights into cities with similar characteristics and demographics.

Given that the context of higher education in Hong Kong is changing very fast, the collected data and findings of this study may be outdated easily in a short time. It is not a surprise that some of the raised issues and proposed recommendations may have been addressed to some extent at the time of the report being completed and openly distributed for public consumption in the local community.

2.5 Summary

This chapter has provided a detailed account of the methods employed in this study. Data were collected mainly by semi-structured interviews, document analyses and survey questionnaires. These various data sources complemented each other, and thus provided a better portrait of the current situation of the needs for Hong Kong higher education providers and implications for the development of Hong Kong as an education hub. In addition, the chapter has defined some of the limitations of the study. The next chapter will report the preliminary findings.