Strategies for Higher Education in the Contemporary Era: Public–Private Partnerships and Regional Cooperation

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INTRODUCTION

As higher education systems expand and develop, what is most needed by governments and higher education providers are resources and innovative ideas. As student enrollments increase and unit costs rise, the higher education system needs more financial as well as human resources. When the system widens access and expands equity, more higher education institutions (HEIs) need to be built to provide more affordable educational opportunities for previously or currently disadvantaged groups. These HEIs would have to be spread out throughout the country so as to make higher education more accessible to those staying in remote areas. To meet the needs of diverse learners, it would be necessary to establish different types of HEIs, with differentiated missions and situated at convenient geographical locations. To manage these massified higher education systems, each would need more qualified teaching as well as administrative staff to administer and deliver higher education to the general public. Furthermore, all these university faculties and administrators will have to be trained and developed before they can be hired, requiring an additional set of resources to be put into the system.

The massification of higher education requires innovative ideas on how to do more with less with an obvious inter-relationship between quantity, quality, and resource inputs in such systems. If quantity increases, it needs at least a

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proportionate increase in resource inputs so as to maintain the existing quality of higher education. However, the efficiency of the system can be improved by devising new ways of doing things. Thus, to enhance both its delivery and the quality of its outputs, a higher education system would need to use different ideologies and advanced technologies, among other things. Neo-liberal ideology brings with it the marketization of higher education and the incorporation of New Public Management into the governance and management of HEIs. At the same time, the advancement of information and communication technologies has resulted in various innovations throughout the higher education sector such as open distance learning (ODL), open educational resources, and massive open online courses as alternative means of delivering higher education. All these innovative ideas would need social interactions and exchanges as well as resources before they can be disseminated and adopted by various higher education systems and institutions.

This chapter focuses on two important strategies which have been adopted by many countries in the Asia region to meet the challenges faced by the massification and diversification of their higher education systems. Commonly known as *cooperation* and *partnership*, these strategies involve the sharing of both resources and innovative ideas among stakeholders in the higher education systems. More specifically, the focus will be on public–private partnerships, which challenge the ideology of what is public and what is private, and on regional cooperation, which examines higher education activities beyond national borders.

Public and Private Debate

The restructuring of higher education in many countries due to the influence of neo-liberal ideology brings along with it a continual debate on the pros and cons of the private sector in comparison with the public sector (further discussion of this debate is found in the 2008 Special Issue of *Journal of Asian Public Policy*, volume 1 Issue 2). The arguments in favor of private higher education usually are based on a common set of issues, namely, efficiency, equity, diversity, and choice (Woodhall 1997). It is argued that private HEIs are inherently more efficient than public ones because of their strong incentives to minimize costs and use resources efficiently. Competition brings down costs and improves the quality of service. However, some studies suggest that this argument may not hold by showing that the private sector may turn out to be highly inefficient and may even be economically corrupt as in the case of India (Tilak 1993). In other cases, competition can lead to shoddy goods and services as in the private higher education sector in Thailand (Savatsomboon 2006).

The private higher education sector is commonly looked upon as being flexible and responsive to the rapid changing demands of students and the labor market, and thus can offer a wide range of educational programs. However, a closer look at the types of educational programs being offered by private

HEIs seems to show less diversity than expected. This is partly due to the effect of "institutional isomorphism" for the range of educational programs that is offered by private institutions is quite similar to that offered in public institutions. In general, private HEIs tend to offer courses that do not require high capital cost such as business management, computer science, and electrical engineering. In some cases, significant differences do exist between public and private sectors, which cater to differentiated demands such as a Catholic education in the Philippines or an English education in Malaysia, which are the key characteristics of the private sector in these two countries.

The idea that higher education is a public good has strong support among educators and the academy. The non-rivalrous nature of public goods implies that one person's use of a good does not limit that of another, and its non-excludable character holds that a person cannot be prevented from using the good. According to this definition, higher education is a public good because it is freely available (if there is no scarcity) and consumption by one person does not impair the interest of others (Cemmell 2002). The position of United Nations Educational, Scientific and Cultural Organization (UNESCO) is that higher education is a human right and access to higher education should be based on merit and not on affordability.

However, higher education is increasingly being viewed as a private commodity that is both saleable and tradable. The private rates of return of higher education to the individual are higher than the social rates of return. Individuals invest in higher education credentials in the expectation of a better future and to effectively compete for scarce social positions. HEIs sell their expertise and services as well as commercialize their research outputs. Private higher education is a booming industry in many Asian countries such as Malaysia, Indonesia, Philippines, South Korea, Japan, China, Vietnam, and others. The private higher education sector attracts investment from many new players including national and provincial governments, foreign universities, public-listed companies, individual proprietors, and even housing developers. With the emergence of cross-border education and the prevalence of open and distance learning, higher education is now an export commodity and a tradable service in the global economy. Higher education now ranks third in Australia's exports. The trade liberalization in educational services is part of General Agreement on Trade in Services in the World Trade Organization (Knight 2006).

REDEFINING PUBLIC AND PRIVATE

So far I have used the term "public" and "private" higher education as if they are distinctively different. As important as these terms may be in shaping the discourse of higher education, in many cases, they are losing their distinctive descriptive and analytical edge. What constitutes a public or private higher education in practice is sometimes hard to differentiate in the Asian context. It would be helpful to start with some fundamental features of an "ideal" type of

both public and private HEIs and to identify some of the major organization and structural elements of these two types of institutions.

Lee and Neubauer (2009, 35) have defined a public HEI as one that is:

- "Owned" by the state,
- Governed by a branch of government,
- Regulated by rules developed through governmental authority,
- Funded mostly or entirely from government, and
- Organized to accept students and conduct research in response to some elements of governmental direction.

In contrast, a private institution is one that is:

- Owned by a group or individual (though typically its activities are authorized by law),
- Funded through private sources including student fees,
- Free to hire and evaluate its own personnel,
- Responsible to attract and accept students from the general population on the basis of criteria it establishes (though possibly aided by governmental devices such as national examinations), and
- Governed by and reports to a board of trustees or governors.

But in reality, there are various mixed-mode institutions developing throughout the Asian region and these institutions possess some of these elements, but not all.

Conceptually, some of the key characteristics that can differentiate a particular HEI are (for further discussion, see Lee and Neubauer 2009):

1. *Ownership*: Public ownership means that primary or total funding comes from the state. Public institutions can be national, subnational, or even transnational. Private ownership may take multiple forms such as for-profit or not-for-profit, individual proprietor or public-listed companies, faith-based organizations or political parties, and others.
2. *Sources of funding*: A HEI can have more than one source of funds. In its "pure" form, a public institution only receives most of its funds from the government, whereas a non-state institution raises its funds from private sources. But in reality, most HEIs have diverse sources of funds.
3. *Regulation*: Another defining characteristic of a HEI is formal control of the institution. Who actually controls the institution with respect to expenditure, types of educational programs offered, terms and conditions of employment, and student admission? Also, who controls the quality of HEIs?
4. *Market distinction*: The market environments in which HEIs operate vary country to country in the region with free markets on the one end and a tightly controlled market at the other end. The most distinctive feature of a free market is the minimal conditions for entry into the market. Such kinds of market are commonly found in the least developed countries in the region, namely, Cambodia, Nepal, Pakistan, Bangladesh, and many of the Pacific Island countries. On the other hand, most of the

countries with mature higher education systems such as Australia, New Zealand, Singapore, India, Japan, and the Republic of Korea have a tightly controlled market for higher education which is reflected by its many governmental rules and regulations. In addition, a mixed market prevails in countries such as Malaysia, Thailand, Indonesia, and the Philippines. A mixed market allows partial free entry into some segments while others are regulated to a greater or lesser degree.

Public–Private Partnerships

Public and private partnerships are cooperative ventures between the state and private businesses intended to spread financial risks between the public and private sector while expanding access and capacity. The liberalization of higher education in the region has resulted in a wide range of innovative public–private partnerships taking increasingly complex forms as outlined below (Lee and Neubauer 2009).

State–Provincial Governments and Private Companies

Where higher education has been decentralized from the central government to state or provincial governments, local governments often partner with private companies to set up HEIs such as provincial universities in China, deemed universities in India, and state universities in Malaysia.

Public Universities and Private Companies

When public universities are corporatized, they may form partnerships with private companies to engage in market-related universities. In China, private colleges have become affiliated with state universities, as have high schools. Australian public universities have established offshore campuses in Malaysia, Vietnam, and Thailand. These offshore campuses are often joint ventures between Australian universities and private companies in the host countries.

Public Universities and Private Colleges

In countries such as Malaysia and India, certain private colleges are not allowed to confer degrees. These colleges will franchise degree-awarding educational programs from public universities, either domestic or foreign, and offer them as twinning or credit-transfer programs.

Consortia of Public Universities

The establishment of consortia of public universities to offer educational programs through distance learning modes is becoming increasingly popular. The Open University Malaysia is owned by a private company set up by a consor-

tium of 11 public universities to run ODL programs. Universitas 21 is another consortium, now of 25 universities offering programs to 1.3 million people and employing 220,000 staff worldwide.

Non-Profit Private Universities

Many non-profit private universities set up by communities can be found in ex-socialist countries such as Vietnam and China. In Vietnam, semipublic HEIs are built, managed, and operated by the state in cooperation with private economic sector participants, social organizations, and individuals. Similarly, the *minban* schools in China are established by social, professional, and economic organizations and run on a full cost recovery basis, with all income derived from student fees.

In addition to these, other forms of public and private partnerships in higher education have emerged that are more amorphous and do not involve specific institutional linkages. The following are some examples of such public–private partnerships (Lee and Neubauer 2009):

- Private universities in Japan and India are provided public subsidies. Japanese private universities receive as much as 25 percent of their budget through public subsidies, but in return, these universities are subjected to tight governmental regulations on the size of their student enrollment and the types of academic programs they can offer.
- In many Asian countries, one finds faculty members with positions in public HEIs who also teach or work part time in private institutions. This kind of practice is quite common in Indonesia, Cambodia, Vietnam, and Laos. The respective governments permit this practice because it can be seen as an aid in kind from the government to the private higher education sector, and thus a contribution to expanding higher education access and capacity. It is also implicit recognition of the limited capacity of governments to provide salaries at an appropriate level.
- Another form of aid in kind is the provision of government loans to students studying in private institutions. In Malaysia, students enrolled in accredited programs in private HEIs are entitled to apply for government loans.
- The practice of outsourcing to private companies is becoming increasingly popular among public universities. For example, public universities in Malaysia engage private companies to provide student services such as running student canteens and building student dormitories, a practice that is increasingly common throughout the region.
- Public universities have established industrial parks and incubators to promote public and private partnerships in research, in particular short-term applied research geared toward the development of marketable products.
- It is increasingly common for faculty to position themselves as having expertise to sell in private markets. After the corporatization of public

universities in Malaysia, for example, faculty members have been allowed to sell their expertise through consultancies and offering other professional services for hire.

Thus, in the Asian region, the hard and fast distinction between public and private HEIs is fundamentally changing resulting in the rise of novel hybrids such as the *minban* in China and the people-founded universities in Vietnam. The blurring of public and private is also found in the corporatized universities in Malaysia, Singapore, and Japan as well as the autonomous universities in Indonesia and Thailand where these public universities are free to engage in market-related activities. Furthermore, the above list of various forms of public and private partnerships signifies the development of innovative ways of cooperation between the public and private sector in sharing resources and spreading financial risks in the provision of higher education in Asia. The sharing of resources and the exchange of innovative ideas beyond national borders is explored further in the following section.

REGIONAL COOPERATION

The diffusion of innovative ideas or practices is often done through social interactions along informal networks of professional colleagues or through institutional linkages. Therefore, university exchanges in the forms of academic exchange, research collaboration, and university–community engagement are essential in the spreading of new ideas or practices. Academics often exchange ideas through journals, seminars, conferences, and social networking on the Internet. In the Asian region, numerous regional cooperation initiatives have been initiated by intergovernmental as well as non-governmental organizations. Before examining some of these initiatives, it would be helpful to examine the concept of regionalization of higher education.

For Jane Knight (2012, 28), regionalization can be understood as "a an international process, a desire to build on what is already happening within the region and move beyond an *ad hoc* situation of cooperation to a more planned approach." She has identified three interrelated approaches to the regionalization of higher education: (1) the functional approach, (2) the organizational approach, and (3) the political approach. The functional approach focuses on the practical activities of HEIs and systems. Such activities include quality assurance schemes, academic credit systems, or qualification frameworks, which aim at facilitating closer alignment among national–sub-regional higher education systems. It can also include programs such as student mobility schemes, cross-border collaborative education programs, pan-regional universities, and centers of excellence. The organizational approach refers to the various networks and organizations, which have emerged to help establish and oversee regional-level and intra-regional initiatives. Such organizations include government and non-government bodies, professional organizations, foundations, and networks. These entities assume a variety of responsibilities such as policymaking, fund-

ing, research, capacity building, regulation, and advocacy among others. The political approach helps to launch major programs or funding schemes and to formalize initiatives such as declarations of intent, binding conventions, treaties, agreements, and special meeting like summits or policy dialogues.

A good example of the political approach to regionalization of higher education is the Bologna process in Europe, which was aimed initially at establishing a European higher education area by 2010 by increasing the compatibility, comparability, and flexibility of higher education systems in the region. The underlying objective was to accommodate and accelerate free flows of students and staff, educational services, and research collaboration (Nguyen 2009). This process, which started in 1998, and has continued beyond its initial target date, is part of the continual intergovernmental efforts to harmonize and integrate Europe. The harmonizing efforts focus on creating and providing recognition of comparable degrees, a European credit-transfer system, cooperative quality assurance systems, and a European dimension to the curriculum (Hawkins 2012). The question is to what extent has the Bologna process impacted on the Asian region? Studies have shown that efforts at developing a harmonized higher education region in Asia are lagging far behind (Nguyen 2009; Yepps 2006; Hawkins 2012; Robertson 2008).

Instead of establishing a Bologna-type of overarching mechanism, one finds throughout the region a series of smaller steps to raise the awareness in the Asian sub-regions about the value of regionalization. Asia can be divided into at least four sub-regions, namely, Southeast Asia, South Asia, East Asia, and Central Asia. Two of the sub-regions have intergovernmental cooperation platforms, namely, the Association of Southeast Asia Nations (ASEAN) and the South Asia Association of Regional Cooperation. In addition, there are the ASEAN+3 (involving China, Japan, and South Korea) and ASEAN+6 (involving China, Japan, South Korea, India, Australia, and New Zealand). Intergovernmental organizations active in the field of higher education in the Asian region include UNESCO, ASEAN, the Southeast Asian Minister of Education Organization (SEAMEO), the Asia-Europe Meeting, the East Asian Summit, and the Asia-Pacific Economic Cooperation, among others.

Besides intergovernmental efforts, a considerable number of higher education organizations and networks in the region are active in promoting university exchanges and research collaboration. Examples of these higher education organizations[1] include the following: ASAIHL (1956), AAOU (1987), AUN (1992), SEAMEO RIHED (1993), AUAP (1995), APRU (1997), and others (see Lee 2012, Nguyen 2009, and Yepps 2006 for more information on these organizations). Regional organizations that are very active in student exchanges include University Mobility in Asia-Pacific (UMAP), SEAMEO RIHED, AUN, CAMPUS ASIA, and the Asia-Pacific Association of International Education. However, the student exchange programs are quite limited because many of these programs only involve a small number of students from top-tier universities in some of the richer countries in the region. Other limitations include language issues, non-synchronized academic calendars, and the relatively large

issue of effective credit transfer because of the different standards among the HEIs in the various countries. Despite these difficulties, two credit-transfer schemes have been developed, including the University Credit Transfer Scheme developed by UMAP and the ASEAN Credit Transfer Scheme developed by AUN.

A few other regional initiatives deserve mention. One is the Asia-Pacific Quality Network, which was established in 2004 with the mission of strengthening the work of quality assurance agencies in the region and extending the cooperation between them. A similar initiative is the ASEAN Quality Assurance Network (AQAN) which was formed to promote and share good practices among quality assurance agencies in the sub-region. Both these networks are assisting countries that do not have a quality assurance agency to establish one of their own. Another significant initiative is the UNESCO Asia-Pacific Regional Convention on the Recognition of Higher Education Qualifications, which was amended in 2011. The main objective of the convention is to promote international cooperation in higher education and to reduce obstacles to the mobility of students and teachers. The key ideas embedded in the regional convention are fair recognition of qualifications; developing supporting instruments, guidelines, good practices, and recommendations; and facilitating information sharing as well as networking at the expert level.

Conclusion

The development of Asian higher education in the contemporary era at the national level is very dynamic and innovative, but less so at the regional level. Two distinctive strategies that have been used by various countries to develop their higher education systems are public–private partnerships and regional cooperation. In the region, the boundaries between public and private seem to be blurring with the emergence of various forms of public–private partnerships in the provision and delivery of higher education. Cooperation and partnership among HEIs facilitate the sharing of resources and the spreading of financial risks. Often, such instances of cooperation and partnership even extend beyond national borders.

The higher education networks and organizations mentioned in this chapter are some of the more prominent and well established in the region. Most are involved in promoting regional cooperation in the areas of student exchanges, collaborative research, capacity building, and joint degree programs. It can be observed that the cooperation and networking are much stronger at the sub-regional level, in particular, the Southeast Asian region. A step-by-step approach seems to be adopted for the harmonization of higher education in Southeast Asia as reflected by pilot projects such as AQAN and ASEAN Credit Transfer System (ACTS) initiated by SEAMEO RIHED and AUN, respectively. All these efforts are aimed at student mobility and information sharing of innovative ideas and practices. However, Asia still has a long way to go in the establishment of a common higher education area in the region.

NOTE

1. The higher education organizations are listed here with their year of
establishment: ASAIHL is Association of Southeast Asia Institutions of
Higher Learning, AAOU is Asia Association of Open Universities, AUN
is ASEAN University Network, SEAMEO RIHED is SEAMEO Regional
Institute for Higher Education Development, AUAP is Association of
Universities in Asia-Pacific, APRU is Asia-Pacific Research Universities.

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