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Private universities are facing an uncertain future

Scarlet H Tso and Rui Yang 25 January 2019

In late October, the Hang Seng Management College was upgraded to the Hang Seng University of Hong Kong, the second private university in the city. At the university name launching ceremony, President Simon Ho expressed his confidence in the institution's future development in bringing new impetus to the development of higher education in Hong Kong and benefitting more students in the years to come.

The public would first notice Ho's promise that his institution would not raise its tuition fees significantly in the near future after it was promoted to a university, although he admitted fees would see some adjustments in line with the inflation rate. Yet, he also remarked that "since we are not funded by the government, we will charge just slightly more than other public universities".

Dr Moses Cheng Mo-chi, chairman of the college council, thanked the government for its "crucial support". He pointed out that the university has an advantage over other self-financing institutions because of its connection with one of Hong Kong's major banks, Hang Seng Bank, linking the school nicely with the city's business community.

Indeed, other self-financing post-secondary institutions in the city are finding it increasingly difficult to stay in good financial health. They blame the government for its lack of support. This is very much in line with the situation in most developed societies where higher education continues to be seen overwhelmingly as an essentially public sector function.

The upgrade to the Hang Seng University of Hong Kong reminds us of the difficult situation of self-financing post-secondary institutions in society.

Growth of self-financing institutions

In Hong Kong, eight publicly funded universities provide four-year degree programmes, while nine institutions offer four-year self-financing degree programmes, seven institutions run two-year self-financing top-up degree programmes (equivalent to the third and fourth years of a university degree) and 22 institutions provide self-financing two-year sub-degree programmes (equivalent to the first and second years of a university degree).

A limited number of junior-year undergraduate places on publicly funded degree programmes are offered to sub-degree graduates who have excellent academic results, while most sub-degree graduates obtain their bachelor degree via self-financing top-up degree or self-financing bachelor degree programmes.

Hong Kong's self-financing institutions have grown substantially over the past decade, contributing significantly to the increase in the post-secondary participation rate. Most of them were founded in the 2000s after then chief executive Tung Chee-hwa announced in his 2000 policy address the city's plan to increase the participation rate of secondary school leavers in post-secondary education to 60% in 10 years.

Massification

Self-financing institutions that offer two-year associate degrees were the reason why Hong Kong was able to move from an elite to a mass system of post-secondary education within a very short space of time at little cost to the government.

During the 2001-02 academic year, there were 11 institutions providing 38 accredited self-financing sub-degree programmes, with 9,163 students. That figure reached 26 institutions with 315 programmes during 2013-14 with an enrolment of 82,578 students.

This growth also led to the introduction of top-up degree programmes in response to the needs of associate degree graduates wanting to enter onto undergraduate programmes, something envisaged as a way to make Hong Kong's post-secondary education sector more flexible with multiple entry and exit points.

Self-financing post-secondary programmes now offer about 150 bachelor degrees and 300 associate degrees or higher diplomas, compared to about 40 and 230 courses respectively a decade ago. The programmes are offered at more than 30 institutions, including private and public ones and self-financing arms of government-subsidised universities.

Oversupply

However, rapid expansion over the past decade has led to oversupply. The number of students enrolled in sub-degree programmes decreased consistently from 13,212 in 2011-12 to 5,394 in 2015-16. This becomes much more serious in the current context of a shrinking birth rate. Only 42,700 secondary school leavers are expected during 2021-22, from 71,700 in 2014 and 56,840 in 2015-16.

Since their funding depends on tuition fee income, self-financing institutions face grave problems in terms of admission and finance. For instance, after years of low enrolments and financial difficulties, the Centennial College, an independent college established by the University of Hong Kong, has recently decided not to admit any students in 2019.

In addition to declining demographics, there are also a number of other challenges faced by self-financing post-secondary institutions.

Graduate unemployment has been a major concern, due to various factors. Associate degrees have been poorly perceived in society. To many, they are a stepping stone for weaker students to gain admission to bachelor degree programmes in public universities. The local media portray students on sub-degree programmes as ‘losers’ for failing multiple times, in public examinations, university admissions and employment.

The general image of self-financing institutions is not much better either. They are often described as profit-making and compromising academic quality in the face of cost and income considerations. There are increasing questions about whether a sub-degree is a valuable qualification. More and more people, including those from inside the institutions, complain that such programmes are fast becoming about business, rather than education.

Associate degrees have also been criticised for being a misfit for the labour market. Curriculum design and a lack of employment opportunities are the most pressing issues. There is clear inconsistency between curriculum design and the skills required for human resources in Hong Kong.

The learning outcome of these programmes does not match the current demand for techniques and soft skills in the labour market and this has adversely affected the employability of graduates and the recognition of institutions.

One of the reasons is that there is inadequate communication and collaboration between self-financing institutions and industry, leading to weak alignments between curriculum design and the actual skills needed in the real world.

The lack of alumni networks and a good reputation also aggravates the difficulty these institutions face in obtaining donations from society.

Reforming the system

For the sector to be reformed so that it would be “complementary, not supplementary to” public universities, the government set up a task force last October to review self-financing post-secondary education. According to the panel, self-financing post-secondary institutions can continue if they reinvent themselves by offering specialised, niche courses.

The government is reportedly striving to develop Hong Kong into a regional education hub. One way to achieve this is to diversify its post-secondary education sector. So far, the hub has been more rhetoric than reality. What is the role of self-financing post-secondary education? How can self-financing institutions work more collaboratively with publicly funded universities?

Self-financing post-secondary institutions in Hong Kong now face an uncertain future. They have to make changes in order to find their own niche to survive. Yet, change means travelling into uncharted waters and this situation is causing a greater sense of insecurity among them.

Yet, many critical questions need to be answered, with long-term strategies and corresponding actions. Without such changes, simply recruiting more students from the

Chinese mainland in the name of internationalisation, as proposed by many in the sector now, is indeed short-sighted and will not lead to sustainability.

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