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Collaboration over Competition: How US Institutions Should Adapt to the Growth of the Asian Higher Ed Market

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Asian universities are growing in strength and stature, and it would behoove leading US institutions to collaborate with these growing institutions rather than ignore their rise.

There is no doubt about Asia's presence in the international education landscape. No region has undergone such a profound transformation of its higher education in the past decades, the dynamics being closely interconnected with the unprecedented economic growth. From Northeast to South, most Asian countries have recently experienced major social and demographic changes and institutional reforms, often leading to greater political stability. The growth of a large middle class, coupled with the openness driven by economic imperatives, has pushed national governments to massively expand access to higher education while bringing local institutions to the level set by international standards.

What makes the specificity of the evolution of the higher education sector in Asia in the past 15 years is the central role that national governments are asking universities to play in the broader economic development. Because economic growth is, today more than ever, related to knowledge production and advanced skills, Asian governments and citizens expect higher education institutions to create the conditions for the development of their countries and to train the future generation to be innovative and creative and to

pursue sustainable growth. Hans de Witt and Philip Altbach call the phenomenon “nationalization of internationalization,” a clear shift that is not unique to Asia, though the means and pace of reforms are.

Across a variety of political and institutional settings, historical legacies, and local constraints, the reform of higher education in Asia has been largely state-driven and selectively publicly funded. On the contrary, in other regions, the state gradually withdrew from investments in higher education, and encouraged private investments and market competition while not solving inclusiveness and equal opportunities concerns.

What all higher education reforms in Asia have in common is that they took inspiration from overseas, while mainly addressing local issues. China, Japan, South Korea and Taiwan, as well as ASEAN members and India have regularly referenced Western models and practices—most often those of the Unites States, but also Europe. Gaining visibility and becoming more compatible with the rest of the world was crucial to the effectiveness of all the local policies aiming at encouraging foreign investments, reversing the brain drain, attracting international students, creating interregional student mobility and transferring know-how through international joint initiatives.

International rankings have captured some of the positive effects of these reforms that are allowing the most established national universities to emerge internationally and acquire global visibility and reputation. According to different ranking methods (THE, QS and ARWU), Asia has this year between 17 and 36 universities among the world’s top 200. Yet, the transformation is much deeper than brand development effects: The gross enrollment ratio (GER) increased in all the countries, in order to serve the aspirations of a growing and wealthier domestic population and to boost local talent pools. Data collected by the World Bank reveal that not only countries like Japan and Korea have some of the highest GER in the world (61 percent and 98 percent), but also that the rest of Asia reduced the gap in a spectacular way in less than 15 years. China moved from 5 percent to 27 percent, India from 17 percent to 25 percent, Indonesia from 12 percent to 32 percent, Vietnam from 3 percent to 25 percent, Thailand from 32 percent to 51 percent, Malaysia from 11 percent to 37 percent, just to mention some of them.

These numbers are the result of proactive public policies. Funding was key, of course, even though public expenditure in tertiary education as a percentage of the GDP per capita did not necessarily grow, but in most cases remained stable or decreased. Almost all Asian governments, with the exception of India, have adopted an elitist approach, concentrating strong financial support to a small number of universities, whose potential to match the international standard was high. In addition, like in many Western countries, reforms brought financial decentralization, corporatization, autonomy and competitive allocation of resources. They often unlocked bureaucratic restrictions, encouraged partnerships and introduced some elements of market competitions, even in economies that are largely state driven.

The impressive trajectory of Asian countries is not undermining the leading role of U.S. universities, particularly the research-based schools, which have become the reference of a world-class university. Even if the new metrics introduced by international rankings

since 2003 (i.e. employer reputation, research achievements of the faculty, and quality of services) give a comparative advantage to universities able to invest in faculty and brand development, assuring consistent quality remains a key issue in most Asian countries, especially with the growth in the number of private institutions that are not publicly regulated.

What we observe though the lens of Asia is an evolution of higher education similar to other business sectors, particularly in the service industry: Newcomers are challenging the incumbents, as they are often better positioned strategically to adapt to the new needs of the students, being more flexible and faster in implementing innovation. The past 15 years show that Asia has become a laboratory with great ambitions, with remarkable capacity to change, and with the joint support of national governments and the economic major players, both interested in innovation and skills.

The trend is reinforced by a growing volatility of students' international trajectories. Even if the US and the UK are still the top destinations for international students, flows now grow in a number of other directions, including from the west towards Asia. Students aspire at accumulating multiple experiences, including studying in several countries. Asia has strong assets, linked to its economic growth and the employment and business opportunities Studying in Asia is no longer limited to those who are passionate about oriental language and civilization.

Some U.S. universities have understood this very early and created branch campuses or platforms in Asia, students today have direct access to information. They can choose and organize their studying experience in Asia without the mediation of a foreign university. The best and the brightest do not need to go though the traditional study abroad. Programs like the Schwartzman scholar program or the NUS Yale College of liberal arts are appealing directly to them.

Parochialism is today the major threat to U.S. universities, whose established research excellence prevents them from noticing the changes in the whole playing field. Working in a more collaborative manner with Asian universities via dual degrees, joint teaching and combined curricula might be the only way not to miss the boat.