The International Education Market in China

A report commissioned by Australian Education International in the Australian Government Department of Education, Science and Training

Research undertaken by the Economist Intelligence Unit.
About this report
Australian Education International (AEI) commissioned this study for the Australian Government Department of Education, Science and Training (DEST) in January 2006. The study aimed to aid the strategic positioning of Australian education offerings in China.

About AEI and DEST
DEST is an agency of the Australian Government tasked with providing national educational leadership. DEST works in collaboration with the States and Territories, industry, other agencies and the community in support of the Government’s objectives.

AEI works within DEST to integrate the development of international government relations with support for the commercial activities of Australia’s education community.

For further information, please visit www.dest.gov.au or www.aei.dest.gov.au

DEST/AEI owns exclusive usage rights to this study unless otherwise noted or agreed.

The Economist Intelligence Unit
The Economist Intelligence Unit, N.A., Incorporated, a global research firm, undertook the study.

The Economist Intelligence Unit research team includes Ms Laurel West, Ms Dorothy Chan and Mr Andrew Williamson.

For further information about The Economist Intelligence Unit, please visit www.eiu.com.

Acknowledgements
AEI would like to thank The Economist Intelligence Unit for undertaking this study and all individuals who contributed by agreeing to interviews, supplying data and information, and assisting otherwise.

Disclaimer
The views expressed in this publication are those of the author alone. They do not necessarily reflect the views of DEST and AEI.

While The Economist Intelligence Unit endeavours to provide reliable analysis and believes the information presented is accurate, The Economist Intelligence Unit is not liable for errors and omissions, and will not be liable for any party acting on such information.

© Commonwealth of Australia 2006

This work is copyright. You may download, display, print and reproduce this material in unaltered form only (retaining this notice) for your personal, non-commercial use or use within your organisation. All other rights are reserved. Requests and inquiries concerning reproduction and rights should be addressed to Commonwealth Copyright Administration, GPO Box 2154, Canberra ACT 2601 or e-mail commonwealth.copyright@dcita.gov.au.
Table of contents

List of acronyms ....................................................................................................................... i

Abstract ....................................................................................................................................... 1

Executive summary ..................................................................................................................... 2

1. Education in China: global context, labour market trends and official policies ........ 2
   A) China in the global education market ........................................................................ 2
   B) China’s economy and labour market ....................................................................... 2
   C) China’s education policy priorities .......................................................................... 3

2. Analysis: the transnational education market in China ............................................. 3
   A) Twinning programmes .......................................................................................... 3
   B) Pathway and foundation programmes ................................................................ 4
   C) ELICOS ................................................................................................................ 5
   D) Schools ................................................................................................................ 5
   E) Distance education ............................................................................................... 6
   F) Vocational and Technical Education (VTE) .......................................................... 6

3. Marketing research .............................................................................................................. 6

4. Benchmarking study .......................................................................................................... 7

5. Conclusions .......................................................................................................................... 7

Summary of main recommendations ..................................................................................... 9

Methodology ............................................................................................................................ 10

Section 1: China in the context of the global education market .................................... 12

   1.1 Introduction ............................................................................................................... 12
   1.2 Push and pull factors ............................................................................................ 12
   1.3 Destinations of choice .......................................................................................... 13
   1.4 How serious is China’s challenge? ....................................................................... 14
   1.5 Constraints on China’s education system ............................................................. 16
   1.6 Summary of key findings ....................................................................................... 16
   1.7 Outlook for the next 2-5 years .............................................................................. 17

Section 2: China’s economy and labour market ............................................................... 18

   2.1 Introduction ............................................................................................................... 18
   2.2 Growth centres ...................................................................................................... 19
       2.2.1 Services sector poised to play a greater role .................................................. 19
       2.2.2 The private sector ........................................................................................ 19
   2.3 Education and the labour market ......................................................................... 20
       2.3.1 Skills in demand .......................................................................................... 21
       2.3.2 Dislocation between demand and supply ...................................................... 21
       2.3.3 Current skills gaps ...................................................................................... 22
       2.3.4 Will lack of jobs drive demand for postgraduate education? ...................... 23
       2.3.5 Do overseas graduates have an edge? ......................................................... 24
## Section 3: China's education system and policy

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Introduction</td>
<td>30</td>
</tr>
<tr>
<td>3.2 China and Australian education</td>
<td>30</td>
</tr>
<tr>
<td>3.3 Changes to the demographic and regulatory landscape</td>
<td>31</td>
</tr>
<tr>
<td>3.4 Demographic trends</td>
<td>32</td>
</tr>
<tr>
<td>3.5 Expanded capacity for secondary and tertiary education</td>
<td>33</td>
</tr>
<tr>
<td>3.6 Higher education—A decade of growth</td>
<td>34</td>
</tr>
<tr>
<td>3.6.1 Regional disparities</td>
<td>35</td>
</tr>
<tr>
<td>3.7 An evolving policy framework</td>
<td>36</td>
</tr>
<tr>
<td>3.8 Private colleges and schools</td>
<td>37</td>
</tr>
<tr>
<td>3.9 Foreign involvement</td>
<td>39</td>
</tr>
<tr>
<td>3.9.1. Overview</td>
<td>39</td>
</tr>
<tr>
<td>3.9.2 Limited integration with local education</td>
<td>40</td>
</tr>
<tr>
<td>3.9.3 Consolidation efforts</td>
<td>40</td>
</tr>
<tr>
<td>3.9.4 Trends to watch</td>
<td>41</td>
</tr>
<tr>
<td>3.10 Policy indications</td>
<td>42</td>
</tr>
<tr>
<td>3.10.1 A quest for quality</td>
<td>42</td>
</tr>
<tr>
<td>3.10.2 Risks and opportunities</td>
<td>43</td>
</tr>
<tr>
<td>3.11 Postgraduate education</td>
<td>44</td>
</tr>
<tr>
<td>3.11.1 Projections for demand</td>
<td>44</td>
</tr>
<tr>
<td>3.11.2 Science and technology as national priorities</td>
<td>45</td>
</tr>
<tr>
<td>3.11.3 Attitudinal factors</td>
<td>45</td>
</tr>
<tr>
<td>3.12 Vocational and technical education in China</td>
<td>46</td>
</tr>
<tr>
<td>3.12.1 Background</td>
<td>46</td>
</tr>
<tr>
<td>3.12.2 Links to employment</td>
<td>47</td>
</tr>
<tr>
<td>3.12.3 New policy measures</td>
<td>47</td>
</tr>
<tr>
<td>3.12.4 Foreign participation in vocational education</td>
<td>48</td>
</tr>
<tr>
<td>3.13 Schools</td>
<td>49</td>
</tr>
<tr>
<td>3.14 ELICOS</td>
<td>50</td>
</tr>
<tr>
<td>3.15 Distance education</td>
<td>50</td>
</tr>
<tr>
<td>3.16 Summary of key findings</td>
<td>50</td>
</tr>
<tr>
<td>3.17 Outlook for the next 2-5 years</td>
<td>51</td>
</tr>
<tr>
<td>3.18 Recommendations</td>
<td>51</td>
</tr>
</tbody>
</table>

## Section 4: Twinning programmes

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Introduction</td>
<td>52</td>
</tr>
<tr>
<td>4.2 Terminology</td>
<td>52</td>
</tr>
<tr>
<td>4.3 Current status of twinning programmes</td>
<td>53</td>
</tr>
<tr>
<td>4.4 Perceptions of twinning programmes</td>
<td>55</td>
</tr>
<tr>
<td>4.5 Case studies</td>
<td>57</td>
</tr>
<tr>
<td>4.5.1 Graduate level case studies</td>
<td>57</td>
</tr>
<tr>
<td>4.5.2 Undergraduate case studies</td>
<td>58</td>
</tr>
<tr>
<td>4.5.3 Vocational twinning case studies</td>
<td>59</td>
</tr>
</tbody>
</table>
Section 7: English programmes ................................................................. 92

7.1 Introduction ...................................................................................... 92
7.2 Study tours ...................................................................................... 92
  7.2.1 Inhibiting factors ........................................................................ 92
  7.2.2 Leveraging Australia's strengths ................................................. 93
  7.2.3 Safety concerns .......................................................................... 93
  7.2.4 Solutions .................................................................................... 93
7.3 Stand-alone English packages .......................................................... 94
  7.3.1 Inhibiting factors ........................................................................ 95
7.4 Summary of key findings ................................................................. 95
  7.4.1 Study tours .............................................................................. 95
  7.4.2 Stand-alone ELICOS ................................................................. 96
7.5 Outlook for the next 2-5 years ......................................................... 96
7.6 Recommendations ........................................................................... 96

Section 8: Distance education ............................................................... 98

8.1 Introduction ...................................................................................... 98
8.2 Modern distance education ............................................................. 98
8.3 Challenges ...................................................................................... 99
  8.3.1 Perceptions of distance education ................................................ 99
  8.3.2 Technical difficulties ................................................................. 100
  8.3.3 Poor study habits ..................................................................... 100
  8.3.4 Staff retention .......................................................................... 100
8.4 Overseas providers ........................................................................ 100
8.5 Non-award courses ......................................................................... 101
8.6 Web-based VTE ............................................................................. 101
8.7 Summary of key findings ................................................................. 102
8.8 Outlook for the next 2-5 years ......................................................... 102
8.9 Recommendations ........................................................................... 103

Section 9: Marketing .............................................................................. 104

9.1 Introduction ...................................................................................... 104
9.2 Key factors in influencing decisions ................................................ 104
9.3 Sources of information ................................................................... 106
9.4 Marketing tools ............................................................................... 107
  9.4.1 Policy ....................................................................................... 107
  9.4.2 Strategic alliances ................................................................... 108
  9.4.3 Direct marketing ...................................................................... 109
  9.4.4 Indirect marketing ................................................................... 109
9.5 The internet as a source of information ......................................... 109
  9.5.1 Introduction ........................................................................... 109
  9.5.2 Search engines ......................................................................... 110
  9.5.3 Chinese internet portals ......................................................... 111
  9.5.4 BBS networks ........................................................................ 111
<table>
<thead>
<tr>
<th>Appendix 12—Website evaluation</th>
<th>196</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix 13—Search engines</td>
<td>198</td>
</tr>
<tr>
<td>Appendix 14—Internet portals</td>
<td>200</td>
</tr>
<tr>
<td>Appendix 15—Marketing brochures</td>
<td>201</td>
</tr>
<tr>
<td>Appendix 16: Practical Training Programmes and Work Schemes</td>
<td>205</td>
</tr>
<tr>
<td>References</td>
<td>208</td>
</tr>
</tbody>
</table>
List of acronyms

AACSB – Association to Advance Collegiate Schools of Business
ABE – Association of Business Executives
ACIAR – Australian Centre for International Agricultural Research
ADC – Academic Degrees Committee of the State Council (China)
ADL – Advanced Distance Learning
AEI – Australian Education International
AQSIC – Administration for Quality Supervision Inspection and Quarantine (China)
AQTF – Australian Quality Training Framework
ASEAN – Association of South-East Asian Nations
AVCC – Australian Vice-Chancellors’ Committee
BBS – bulletin board system
BICEA – Beijing Institute of Civil Engineering and Architecture
BMZ - Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (German Federal Ministry for Economic Cooperation and Development)
CCC – China Compulsory Certification
CEAIE – China Education Association for International Exchange
CEBSat – China Education Board-Satellite
CEIBS – China-Europe International Business School in Shanghai
CEMIS – China Education Market Intelligence Service
CERNET – China Education and Research Network
CHUAS – China University Administrators’ Shadowing Programme
CIDA – Canadian International Development Agency
CITIC – China International Trust Investment Company
CNCA – China National Regulatory Commission for Certification and Accreditation
COACE – Center for Overseas Academic and Cultural Exchanges, Tsinghua University

DD – dual-degree

DEST – Department of Education, Science and Training

DFAT – Department of Foreign Affairs and Trade (Australia)

DIHK – Deutsche Industrie und Handelskammer (German Chamber of Commerce)

EEA – European Economic Area

EIU – Economist Intelligence Unit

ELICOS – English Language Intensive Courses for Overseas Students

EMBA – Executive Master of Business Administration

EQI – Education Queensland International

EQUIS – European Quality Improvement System

ESL – English as a second language

FDI – foreign direct investment

FHSU – Fort Hayes State University

FIE – foreign-invested enterprise

FTA – free-trade agreement

GCSE – General Certificate of Secondary Education

GDP – gross domestic product

GER – gross enrolment ratio

GRE – Graduate Record Examination

GTZ – Gesellschaft für Technische Zusammenarbeit (German Institute for Technical Cooperation)

HE – higher education

HEFCE – Higher Education Funding Council for England

HESA – Higher Education South Africa

HR – human resources
ICT – information and communications technology
IDP – International Development Program (Education Australia)
IELTS – International English Language Testing System
ILO – International Labour Organisation
IT – information technology
ITE – Institute of Technical Education (Singapore)
ITEES – Institute of Technical Education Education Services
JITCO – Japan International Training Co-operation Organisation
MLSS – Machine Learning Summer School
MNC – multinational company
MoE – Ministry of Education (China)
NBS – National Bureau of Statistics (China)
NESCO – Netherlands Education Support Office
NITEC – National Institute of Technical Education Certificate
NMIT – Northern Melbourne Institute of TAFE
NYU – New York University
OECD – Organisation for Economic Co-operation and Development
OTC – Overseas Training and Certification
PPP – public-private partnership
R&D – research and development
RIIA – Royal Institute of International Affairs
Rmb - renminbi
RMIT – Royal Melbourne Institute of Technology
SAQ – Standards Administration in China
SD – single-degree
SEGS – Science and Engineering Graduates Scheme
SEVIS – Student and Exchange Visitor Information System
SFU – Simon Fraser University
SITC – Shanghai Information Technology College
SME – small and medium-sized enterprise
SOAS – School of Oriental and African Studies, University of London
SOE – state-owned enterprise
SOSE – Study of Society and Environment
SWOT – Strengths, Weaknesses, Opportunities, Threats
TAFE – Technical and Further Education
TOEFL – Test of English as a Foreign Language
TÜV – Technischer Überwachungsverein (Technical Inspection Association)
UIBE – University of International Business and Economics
UNESCO – United Nations Educational, Scientific and Cultural Organisation
UNCTAD – United Nations Conference on Trade and Development
UniSA – University of South Australia
UNSW – University of New South Wales
VET – Vocational Education and Training
VITAL – Vocational Insurance Training of Allianz
VTE – Vocational and Technical Education
WATIAC – Western Australian Technology and Industry Advisory Council
WebCT – Web Course Tools
WTO – World Trade Organisation
The market for international education in China

A research project for Australian Education International (AEI), an arm of the Australian Department of Education, Science and Training (DEST)
July 2006

Abstract

For the past decade, Australian education providers have profited from China’s demand for English-language, Western-style education. Demand patterns are soon likely to shift as China’s economy continues to grow and the country rapidly increases the capacity of its education system, particularly its tertiary institutions, and becomes a destination for international students in its own right. At the same time, competition to attract Chinese students is intensifying and more tertiary institutions are establishing joint-venture programmes in China with the aim of attracting students to their home countries through programmes that involve study in both China and the home country, or at the very least profiting from teaching students onshore in China. The results of this research suggest that Australian education providers can continue to benefit from Chinese demand for Western-style education by addressing the concerns of students, their parents and policymakers.
Executive summary

1. Education in China: global context, labour market trends and official policies

A) China in the global education market
The global market for education is expanding rapidly as students, educators and content become more mobile, and public and private providers proliferate. However, even though transnational education flows are rising, traditional English-speaking destination countries such as Australia could see their proportion of enrolments decrease, owing to capacity expansion and better language training in source countries as well as competition from non-traditional destination countries.

China is playing a new and increasingly important role in the global education market as not only a top source of overseas students, but also as a top destination. While the number of Chinese students studying abroad remains considerable, China is also making a concerted effort to attract more international students. As the world’s sixth-largest destination country for transnational education, China has a growing stake in policy discussions on transnational education. Domestically, China is making a concerted effort to tackle the problems that limit the appeal of its education system.

B) China’s economy and labour market
China’s economic boom is creating unprecedented demand for higher education. The expansion and diversification of the Chinese economy is raising incomes and presenting new employment opportunities, with private enterprises fuelling the fastest growth. WTO accession in 2001 further integrated the Chinese economy into global trading patterns.

Despite a rapid and ongoing expansion in the capacity of its higher education system, there remains a significant gap between academic or vocational preparation and the requirements of the job market. In addition to specific skills shortages, employers complain of a lack of more basic competencies such as effective communication, interpersonal skills, functional skills, independent research capabilities and creativity.

Although the economy continues to grow rapidly, unemployment is of increasing concern to policymakers, and job creation will be a major government priority. The four million-strong higher education graduating class of 2006 will face particular employment challenges. Secondary school graduates, demobilised soldiers, laid-off state-owned enterprise (SOE) workers and rural migrant workers are also swelling the ranks of the unemployed.

Demand for labour over the next five years will be highest in engineering, sales and marketing, finance, commerce, information technology/computer science, business administration and logistics/transport. Employers also predict increasing demand for production operators, researchers, designers, and restaurant and hotel staff.
C) China’s education policy priorities

China’s population of college-age citizens will peak at 125 million in 2008, before declining to 69 million by 2050. To improve its global competitiveness, China has invested significantly in the education sector during the past decade. The number of post-secondary educational institutions has grown rapidly—China’s gross enrolment rate is expected to rise to 22% by 2010 from 13% in 2006.

China is not only striving to make education more widely available, but is also developing its own league of elite universities. In addition to massive increases in funding, Beijing is encouraging a chosen few to form alliances with foreign institutions. The government has also rationalised the education bureaucracy. The Ministry of Education (MoE) has relinquished significant oversight and budgetary responsibility to local authorities. Vocational education, which had been primarily under the Ministry of Labour and Social Security, is now functionally under the MoE, which will oversee new expansion.

To help meet its goals for capacity expansion and an improvement in quality, the government has allowed international and private-sector providers into the educational sector. An array of joint-venture arrangements involving foreign partners has ensued. Some of China’s universities continue their quest to upgrade quality by pursuing international accreditation and recognition. International education partners that can help them in this drive will be valued.

The government’s over-arching policy priority is to develop China’s “human capacity” through effective vocational training and higher academic achievements. In the short term, jurisdictional overlap between the MoE and the Ministry of Labour and Social Security will hamper progress and may require adjudication at the State Council level.

2. Analysis: the transnational education market in China

A) Twinning programmes

A number of transnational education partnerships, or twinning programmes, have evolved in China for both university education and vocational training. Official Chinese recognition of twinning arrangements has been mixed, and the Economist Intelligence Unit (EIU) believes that a review of the policy on such programmes is under way with a view to tightening requirements for foreign providers and improving quality.

Surveys, interviews and focus group discussions conducted with Chinese students and households between January and April 2006 (see Appendices 1, 2 and 3) have shown that the main perceived advantage of twinning programmes is that they cost far less than completing an entire degree overseas. Another frequently mentioned benefit is the opportunity gradually to become accustomed to foreign teaching styles in a familiar learning environment.

Twinning programmes also have their risks. The most notable risk is a conflict of interests between Chinese and foreign partners. For instance, if the Chinese partner institution is primarily motivated by commercial goals, the quality of the programme could be compromised by lower admission standards and cost cutting. In addition, since the second half of the study programme is to take place in Australia, failure to secure an
Australian visa could result in an abrupt termination of the study programme, with no final degree or certificate awarded to the participant. Finally, concerns raised by foreign educators include the appropriation of intellectual property by local partners and the use of curriculum material that undermines the integrity of the academic programme.

In surveys and interviews conducted for this report, both parents and students viewed such programmes as less desirable than studying abroad, although they do see benefits in terms of cost savings. Employers are positive about the quality of such programmes. Of 123 employers surveyed for this study, 60% thought that vocational training programmes offered by foreign providers in China are a good training ground for cross-cultural managers.

Interest in the transnational education market in China is intensifying. The governments of competitor countries are planning to increase support for institutions entering this market. As a result, competition in the transnational education market in China is likely to intensify in the short term.

**Outlook.** The transnational education market in China is likely to change dramatically. The MoE is likely to impose more stringent criteria for the registration of transnational programmes, such as higher participation by foreign teaching staff. Cost considerations and quality concerns will convince more experienced providers to move from twinning programmes to more formalised articulation agreements, or to abandon the market. Australian TAFE-style education is likely to become of greater interest to education policymakers in China, as the gap between academic preparation and the needs of the workforce widens. Programmes offered entirely in China that do not involve a specialised curriculum are likely to be dismantled as local partners gain experience.

**B) Pathway and foundation programmes**

Pathway programmes are designed to lead to further university study. Demand for these programmes reflects the attraction of overseas study and the desire of adult learners for a faster route to post-secondary qualifications.

Australian pathway programme providers have tended to enter arrangements that are primarily aimed at students already studying at vocational schools. At present, Australian providers and Chinese institutions are reporting that between 10% and 30% of students enrolled in pathway programmes are going on to further study in Australia or other countries. According to our interviewees, more pathway students would go on to overseas study but for the high cost and English-competency requirement. While some Australian operators have achieved economies of scale in China, margins appear to remain low.

Foundation programmes are specifically designed to prepare students for university study, usually at a specific institution. These programmes cater to increased numbers of Chinese students who would like to study abroad but cannot pass English-competency exams, although some students enter such programmes merely to improve their language skills and to help them gain employment.

This study found that foundation programmes do not have a serious negative impact on the number of Chinese attending high school in Australia (see Section D).
The success rate of students going from foundation programmes in China to prominent universities in Australia is low. Many go on to study at other institutions, sometimes in other countries. As a result, Chinese partners are seeking to offer foundation programmes that provide a choice of several institutions. The MoE is believed to be in favour of foundation programmes conducted in China.

**Outlook.** Overall, the outlook for pathway and foundation programmes is positive. Professional bodies from around the world are likely to become more involved in establishing such programmes in China. The impact of lower-cost options will become clear as institutions promote pathways to lower-priced campuses such as those in Malaysia and Singapore. Concerns about pastoral care and the ability of students to move from one education system and culture to another will encourage the establishment of more foundation programmes in China.

C) ELICOS
Study tours combine language training and tourism. This type of arrangement has significant growth potential, but Chinese operators complain of insufficient links with Australian providers, a lack of clear and specific visa requirements, and inconsistent results for visa applications lodged at different centres.

Interest in stand-alone overseas English programmes is minimal in China. This could reflect the lower income levels in China than in Japan and the Republic of Korea, which continue to send English-language students to Australia. However, it is also apparent that Australia’s product offerings in this area are not well understood, and there is a perception that language requirements for visas are too difficult to meet. The Chinese government also appeared to discourage career-oriented language study in Australia in a 2004 directive that is still hosted on its website. Finally, many education agents in China are affiliated with domestic English-language programmes and have little incentive to recommend overseas programmes.

**Outlook.** Chinese demand for English-language training will continue to rise as a result of stiffer job competition, the expanding presence of multinational companies in China, and increased affluence. Australia’s attraction as a tourist destination can be leveraged to attract high-calibre, high-net-worth students.

D) Schools
The fall in the number of high school students going to Australia to study is attributed by agents to high costs and language requirements, parental concerns about safety, the difficulty of admission to good private schools, and the fact that foreign students cannot always control where they will be sent within state systems. Another reason cited was the perception that the English-competency visa requirement was unpredictable (agents interviewed understood that there is an IELTS requirement for high school students and that the Australian government has only temporarily waived this requirement). The majority of Australia’s competitors do not have this requirement.

Private education providers have established schools in China targeting expatriate children (the law requires that primary school children study the national curriculum) but with a limited market such ventures carry high risks. Educational bodies from several
countries have entered into curriculum licensing arrangements with private schools in China.

E) Distance education  
The Chinese government is making great efforts to develop IT-based distance education in order to meet short-term demand for higher education and qualified personnel and to foster lifelong learning.

Chinese perceptions of distance education are mixed. The public has a positive view of its low cost and accessibility, but frequently voiced reservations include the lack of human interaction and concerns about potentially low quality and reputation. Employers’ perceptions of distance education are largely positive, as long as programmes are offered by reputable institutions. Foreign providers are disadvantaged by the fact that degrees offered through their programmes are not recognised by the Chinese government.

**Outlook.** Distance education will continue to expand as part of the overall expansion of higher education in China.

F) Vocational and Technical Education (VTE)  
Effective vocational training has become a major priority as a means to pre-empt social unrest, particularly among unemployed school leavers and young rural migrants. In November 2005 the national government announced new funding of Rmb10bn (A$1.66bn) for VTE. Most of this funding is to be administered by the MoE, marking a shift in policy and regulatory control from the Ministry of Labour. Preliminary indications are that funding will be directed to the establishment of 100 vocational colleges, and 1,000 county-level vocational education training centres. Targets for enrolment in secondary and post-secondary education aim for an even distribution of enrolment in VTE and academic courses.

Several Chinese academics interviewed for this report are sceptical that large infusions of money at the county level will be used effectively. It is also feared that the rapid expansion will have negative effects on teaching quality, and that solid linkages with industry—which were hallmarks of traditional vocational training—will be swept away in the rush.

**Outlook.** The Economist Intelligence Unit believes that policymakers will review all the foreign-funded VTE projects under way in the country as well as commissioned research on the topic. The MoE is then likely to synthesise the “best practices” of each model into a policy—with “Chinese characteristics”—for implementation. The Australian TAFE system for delivery of VTE subjects is of major interest to the ministry, but so are the models provided by Germany, the UK, the US and India.

3. Marketing research  
China’s education consumers actively gather information about options for overseas study. Parents are sceptical of information available from local agents and education fairs run by them, choosing instead to rely on information from friends and relatives or
from embassies and consulates. Students rely more heavily on information found on the internet.

Parents base their decision on where to send their child for overseas study on their general impression of a country, the perceived match between their child’s preferred major and a country’s academic strengths, and the overall reputation of individual schools.

Australia’s attractiveness as a study destination could be diminished by the requirement that students obtain a minimum English-language proficiency score. Some 63% of the households surveyed for this report ranked ease of obtaining a student visa of critical or great importance.

Marketing of overseas education on the internet is monopolised by top education agents, who dominate “first-page” results when “overseas study” (liuxue) is entered in the top three Chinese search engines. Australia’s education website (www.studyinaustralia.com) is viewed as among the most helpful, although students would like to see more ranking information. Promotional brochures produced by foreign countries emphasise common themes, especially quality of education and living environment.

**Outlook.** The marketing outlook will be influenced by two developments. First, the number of households in non-traditional markets that can afford to send children abroad to study will increase. Second, the internet will become an ever more important tool for reaching students and, increasingly, their parents.

### 4. Benchmarking study

The EIU developed a dynamically weighted benchmarking model that provides a snapshot of Australia’s competitiveness in China’s higher education market. The model employs some 70 variables grouped into five categories: national education market environment; macroeconomic and demographic outlook; competitiveness and attractiveness as a study location; financing; and ease of entry. For the ease of entry section, with no immigration requirements for Chinese students planning to pursue their studies within China, the project team used the entry requirements for South Korean students—the largest cohort of foreign students studying in China—to benchmark China against other nations.

Of the seven countries assessed, Australia ranked third overall, behind Canada and China. Australia scored highly (first or second) in the categories of national education market environment and financing, but less well (sixth or seventh) in the categories of ease of entry, and macroeconomic and demographic outlook. Australia’s main areas that scored poorly were high fees and requirements for visas.

### 5. Conclusions

This study produced the following conclusions:

1. Although China’s role in the global education market is shifting, Chinese demand for Australian education will remain high, driven by rapid economic growth and
2. The flow of Chinese students to Australia will be determined by the following factors: increasing quality and capacity of domestic higher education; intensifying competition from other countries; continued establishment of educational joint ventures in China; and the employment prospects of students who study overseas.

3. Overall, Chinese parents, students and educators have positive perceptions of the value, quality and consistency of Australian education, and Australia is seen as safer than either the US or the UK. However, Australia’s lack of a practical-training visa programme, its high student visa application fee and its English-language requirements for student visas are significant negative factors vis-à-vis competitor countries.

4. Australian education providers can attract Chinese students to Australia by improving pre-departure pathway and foundation programmes, ensuring consistency in visa requirements and processing, initiating a consistent and focused marketing campaign, and introducing a streamlined practical-training visa programme.
Summary of main recommendations

1. The long-term outlook for twinning programmes in China is not favourable for foreign education service providers. Australian educators engaged in twinning programmes in China, as well as other in-China joint-venture arrangements in the educational sector, should prepare for increased scrutiny by Chinese educational policymakers. We believe that the MoE will drive a wave of consolidation, which will result in the imposition of stricter review criteria in the approval and accreditation of such arrangements.

2. Australian educators should concentrate on better pre-departure preparations for Chinese students, either through pathway or foundation programmes.

3. The current relationship between the IELTS requirement for student visa approval and the marketing efforts for pathway and foundation programmes to be undertaken in Australia should be reviewed to identify and remove inconsistencies. The development of more streamlined processes would assist in facilitating visa issuance to language/pathway students.

4. To leverage maximum value from marketing efforts by Australian educators in China, stronger collaboration with other relevant government agencies (Austrade, DFAT, Tourism Australia) is required to ensure a consistent “branding” of Australian education. Australia should reinforce the image that it is an education destination that offers state-of-the-art facilities, a unique “lifestyle” experience, and a wide range of career/networking possibilities for graduates.

5. Australian VTE providers should be more proactive at the policy dialogue level. VTE is still a niche market in China, but could grow very quickly once jurisdictional complications are resolved. There will be opportunities for policy dialogue on the Australian model of VTE, as China’s educational policymakers assess the relative merits of various national vocational models (German, British, etc.) in preparation for the adoption of a VTE training programme “with Chinese characteristics”. Chinese education officials must be persuaded that the Australian model is capable of delivering the quality and breadth of training that China needs, and can do so within China, given the right support and partnerships. To date, most VTE programmes in China have been subsidised, and while the shift from subsidies to cost-recovery is difficult, we believe it is key to the sustainability of Australia VTE delivery in China.

6. Consideration should be given by relevant government authorities to the development of a practical training programme that allows students who plan to return to China to gain overseas work experience without going through the process of obtaining a work permit. The Chinese government is very concerned with developing skills that are needed in the marketplace and employers have also expressed concern about a lack of practical training. Most competitor nations offer such programmes, which are designed to enable foreign students to work in the host countries for a limited period after completing their course of study without applying for a work permit.
Methodology

This report draws on a combination of desk research, surveys, focus groups and interviews with policymakers, embassy officials, employers, education analysts and industry stakeholders. A more detailed explanation of the methodology can be found in Appendices 1, 2, 3, 12, 13, 14 and 15.

Surveys

A survey of 150 households with children of secondary school age was carried out in the cities of Beijing, Chongqing, Guangzhou, Shanghai and Wuhan. Respondents were pre-qualified and only those who intend to send their children overseas or have considered and rejected the possibility were surveyed. Cities were selected that have sent, or are expected to send, a sizeable number of students to Australia. AEI and the EIU developed the questionnaire (see Appendix 1), which was conducted in Chinese by All China Strategic Research (ACSR).

The household survey identified key issues that Chinese students and parents consider when they make decisions about education. The survey results are incorporated throughout the text and in the benchmarking model, which assessed Australia’s competitiveness in light of the factors that mattered most to these households.

An employer survey was also conducted. Some 123 respondents included 68 multinational subsidiaries, 38 local companies and 17 government agencies. A standard survey questionnaire was developed in consultation with AEI (see Appendix 1). Multinational survey respondents were reached via an online survey tool and email campaign (in English), while local companies and government agencies were reached through a combination of online surveying (English-language), telephone and face-to-face surveying (in Chinese) conducted by ACSR.

The employer survey identified employers’ recruitment methods and perceptions of Chinese graduates of foreign and domestic education institutions across all sectors of education, as well as of foreign education delivered in China vis-à-vis that delivered offshore.

Finally, our researchers surveyed 15 Chinese education agents. A combination of phone and fax was used to obtain responses. Agents were selected in consultation with AEI (see Appendix 1 for a list of agents surveyed). The questionnaire (Appendix 1) attempted to determine why agents recommend particular countries or institutions, to draw out their overall impression of Australian education, and to cross-reference the results of the household surveys.

Benchmarking model

The aim of the benchmarking study was to provide a snapshot of Australia’s competitiveness in attracting students from China. Using the information gathered from the surveys and secondary research, we designed a model that compares Australia with competitor countries on issues that were identified as important by Chinese households and employers in China. The assessment categories are: national education market environment; macroeconomic and demographic outlook; competitiveness and attractiveness as a study location; financing; and ease of entry. For each of these
indicators, Australia was assessed against six other countries—Canada, China, New Zealand, Singapore, the United Kingdom and the United States.

**Text**
The main body of the report draws on information gained from desk research, the household survey, employer survey and education agent survey, as well as interviews with officials at education institutions, educators, embassy education counsellors and other industry observers.

For the chapter on twinning, we carried out additional interviews with human resources and training managers of 40 leading firms by telephone to gain their perspective on qualifications earned through twinning programmes. Our bilingual researcher also interviewed 35 students at the Beijing Education Fair held in February, to elicit their opinions on twinning programmes. (For additional details on methodology used for this section, please refer to Appendix 2.)

Additional information on the methodology used to carry out website and promotional materials evaluation (see Section 9: Marketing) may be found in Appendices 13 and 15.
Section 1: China in the context of the global education market

1.1 Introduction

In the past decade, the global education market has been characterised by heightened demand, and increased mobility on the part of students, educators and curricula. This trend will intensify, and the participants are likely to become even more diverse, as the relative importance of public-sector educational providers shrinks, and that of the private sector expands. The impact of these developments on educational institutions and policies will be profound but also fragmented, as it will be shaped both by geographical location and by the degree of integration with the international education market, particularly as the cross-delivery of education and the role played by non-governmental providers grows (van Damme 2001).

1.2 Push and pull factors

Many contradictory elements add complexity to the global demand for international education. Working against the trend towards crossborder education is the expansion and improvement of education systems across the globe. Several traditional source countries for international students, such as China, have been increasing spending on education, adding capacity and upgrading quality, often via the establishment of programmes in cooperation with international education providers. Much of the expansion and quality improvement in many source countries has come about through the involvement of the private sector in providing education services, especially at the post-secondary level (OECD and UNESCO 2005). The reason this shift has taken place is that, although massification of higher education may have been adopted as policy, there is rarely sufficient budget support for it to be implemented. Security and financial concerns can also favour homegrown education.

Working in favour of crossborder education is the expanded access to international education, and the fact that its perceived élan remains high, with foreign degrees and international experience often seen as prerequisites to prestigious employment in an increasingly global economy (OECD and UNESCO 2005).

The spread of information and communications technology (ICT) is another factor that favours international study. It has allowed students, regardless of location or origin, to overcome mobility, career, financial, cultural and familial constraints to gain a transnational education. ICT is especially suited for the provision of bespoke specialised programmes, such as competency-oriented training or interactive language instruction modules.

But ICT also has serious limitations. The failure of a number of high-profile, fully online projects (including NYU online, the Wharton School’s e-partner and Fathom, a partnership between Columbia University, the London School of Economics and a number of other universities, libraries and museums) has led to a reassessment of the value of online programmes and their proper role. Nonetheless, the influence of online providers and courses will continue to grow, not least because they will challenge more traditional institutions and individual educators to ensure that they meet student demand.
and remain competitive by incorporating new technologies into their classes (Witzel 2005).

1.3 Destinations of choice
Where are international students likely to study in future? Traditional English-speaking destination countries such as the US, UK, Australia, Canada and New Zealand are estimated to account for nearly one-half of all international students (Graddol 2006). They will continue to attract large numbers based on their reputation, the dominance of English as the language of global business, as well as aggressive marketing on the part of institutions and a level of “path dependency” (ie students following in the footsteps of academic advisers, colleagues or family members), all of which can determine overseas study decisions. But specific country destinations within this sphere will also be affected by variables such as increased costs or difficulties with visa applications, which may have an effect on a country’s attractiveness.

Increased competition can be expected to have a growing impact on decisions. Indeed, education has become big business—the global market for international education is now worth about US$30 billion (Underhill 2006), and competition between countries and institutions is becoming fiercer. According to preliminary findings from the ‘IAU 2005 Internationalization Survey’, a large majority of the respondent institutions say that internationalisation (including international activities such as study abroad programmes and branch campuses) is a high or medium priority, showing that an approach to overseas markets is increasingly part of universities’ strategic planning (International Association of Universities 2006).

Relative levels of competitiveness of the traditional destination countries are now regularly scrutinised by educational planners. For example, Canadian officials have blamed growing international competition, especially from the UK and Australia, for the recent drop in visas issued to Chinese students (York 2006). The British government announced in December 2005 that it would spend £2 million on Anglo-Sino scholarships (China is the UK’s largest source country for foreign students) and a further £1.3 million on marketing and promoting British universities overseas (Hill 2005).

The competitive watchlist must now be expanded to include non-traditional destination markets, including China. Forecasts by the British Council suggest that traditional English-language destination countries will receive a declining percentage of the world’s students in the next 15 years (Graddol 2006) as non-traditional countries such as Singapore, Malaysia, Germany—and even China—are increasingly successful in attracting foreign students to their higher education programmes, often offered in English (Tysome 2005). This process has broadened the debate about respective comparative advantages of national models of pedagogy. Countries that were formerly rarely used as yardsticks of success now figure prominently in national debates over education policy (Freeland 2000).

Another trend that could affect English-speaking destination countries such as Australia is the move by several countries in Asia to make English part of the core academic curriculum from a young age. Just as China has made the adoption of English a part of its strategy for economic development and made English compulsory in primary schools from Grade 3 (Graddol 2006), many of China’s neighbours, including Thailand, the
Philippines, Japan and Taiwan, have refocused their efforts on teaching English (although the quality of teaching is variable).

Teaching English as part of the core curriculum is one component of a general trend towards improved teaching standards in traditional source countries, with the expectation that bright school leavers will already be fluent in English, thus obviating the need for English-language training overseas. While they are by no means yet at this juncture, Chinese secondary schools are emphasising English-language skills. Moreover, Chinese universities and colleges (see Section 3: China’s education system and policy) are making substantial efforts to bolster their research and teaching capacities, and have greatly expanded post-secondary enrolment in the past decade (Shichor 2006). Lower costs as well as greater choice and accessibility of post-secondary training in China have resulted in lower numbers of Chinese students choosing to study overseas, although recently released figures for 2005 show a consistent modest upswing in numbers.

1.4 How serious is China’s challenge?

China has been an important source of international students and the number of Chinese studying abroad has been increasing steadily (see Chart 1.1). It is also an increasingly prominent provider of transnational education. From inception as a two-tier programme of government scholarships (development-oriented scholarships in technical subjects, or cultural exchange scholarships), China’s academic offerings for international students have expanded in range, quality, accessibility and comparative advantage.

Professional language training in Mandarin has been standardised, and has become an element of cultural diplomacy. A National Office for Teaching Chinese as a Foreign Language now oversees a series of “outreach” language training institutes, modelled on the Alliance Française, which has been set up in foreign countries. These are known as “Confucius Institutes”, and by end-2005, 40 had been set up in 26 countries, including at the University of Melbourne and the University of Western Australia.

Apart from language courses, foreign students in China are increasingly enrolling in degree courses. Asian students (from Taiwan, Macau and Hong Kong) have the

---

1 Known as the Guojia Hanban.
advantage of prior language proficiency, but other national groups are also attracted to Chinese education, and enrolments of ASEAN students have grown. Many of them choose Chinese schools because they are less expensive than alternatives abroad, quality is improving and because Mandarin-language skills are believed to be an asset in the job market.

In fact, China’s rise as a global player has made hitherto suspicious neighbours increasingly receptive to the study of Mandarin. Vietnam hosts a Confucius Institute, and the country is in the midst of a boom in Chinese-language learning. Indonesia recently lifted its three-decades-old ban on the teaching of Chinese, and Chinese now rivals English as the most popular foreign language among students in the Republic of Korea.

According to the MoE, there were 86,000 international students studying at Chinese universities in 2004, and the number is projected to rise to 120,000 by 2007. The students were enrolled in either degree and non-degree programmes, with close to one-third of enrolments in bachelor, master or doctoral programmes. Medicine, agriculture and Chinese culture, history and language are the most popular courses. Students from the Republic of Korea accounted for 41% of international enrolments in China, followed by Japanese students (19%) and Americans (8%). In some instances, the students were in fact employees sponsored by their companies to take language training in China (this is particularly popular among corporations from the Republic of Korea and Japan).

China currently ranks sixth in the league table of top destination countries for international students, behind the US, UK, Germany, France and Australia (Graddol 2006). According to Che Weimin of the Chinese Service Center for Scholarly Exchange, Chinese universities are becoming more aggressive in their recruitment of overseas students, and have recently participated in education exhibitions in the Republic of Korea, Japan, Thailand, Russia, Europe and North America.

China is also leveraging its “international education” courses to raise its academic profile, and attract more foreign enrolments. University courses taught in the English language are being promoted, with business schools that are offering “international” MBA and Executive MBA programmes particularly keen to diversify their enrolments. This trend is likely to develop in tandem with the attainment of international accreditation for business education in China (see Section 3: China’s education system and policy). Individual universities have also adopted their own initiatives to encourage more foreign students to attend their institutions. At the China European International Business School (a joint venture between Shanghai Jiaotong University and the European Foundation for Management Development), 20% of each MBA class enrolment must come from outside China.
Despite these efforts, bilateral flows of international students are still asymmetrical (see Table 1.1).

### Table 1.1
Crossborder trade in education between China and the US

<table>
<thead>
<tr>
<th>Year</th>
<th>Chinese students in the US</th>
<th>Chinese students as a % of total foreign students in the US</th>
<th>No. of US study abroad students going to China</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004/05</td>
<td>62,523</td>
<td>11.1</td>
<td>7,000</td>
</tr>
<tr>
<td>2003/04</td>
<td>61,765</td>
<td>10.8</td>
<td>4,737 (up 90%)</td>
</tr>
<tr>
<td>2002/03</td>
<td>64,757</td>
<td>11.0</td>
<td>4,737 (up 90%)</td>
</tr>
<tr>
<td>2001/02</td>
<td>63,211</td>
<td>10.8</td>
<td>3,911</td>
</tr>
<tr>
<td>2000/01</td>
<td>59,939</td>
<td>10.9</td>
<td>2,942</td>
</tr>
<tr>
<td>1999/2000</td>
<td>54,466</td>
<td>10.6</td>
<td>2,949</td>
</tr>
<tr>
<td>1998/99</td>
<td>51,001</td>
<td>10.4</td>
<td>2,278</td>
</tr>
<tr>
<td>1997/98</td>
<td>46,958</td>
<td>9.8</td>
<td>2,116</td>
</tr>
<tr>
<td>1996/97</td>
<td>42,503</td>
<td>7.8</td>
<td>1,627</td>
</tr>
<tr>
<td>1995/96</td>
<td>39,613</td>
<td>8.7</td>
<td>1,396</td>
</tr>
<tr>
<td>1994/95</td>
<td>39,403</td>
<td>8.7</td>
<td>1,257</td>
</tr>
</tbody>
</table>


### 1.5 Constraints on China’s education system

China’s higher education system still suffers from a number of constraints, particularly for scholarship in the humanities. Among its less attractive features is a traditional teaching style that emphasises rote learning and undervalues critical thinking (see Section 2: China’s economy and labour market). Academic integrity has been challenged on many campuses by charges of corruption and plagiarism among faculty and graduate students. These issues are serious, and must be addressed before China’s educational system can become fully effective and competitive on the global stage.

However, China has taken very positive and courageous steps in its reform path. The country has become intertwined with the global economy in ways that were unimaginable in the past. Transnational education is seen as contributing to China’s intellectual capacity, in accordance with the country’s campaign to “develop human capital” to support a more sophisticated, globalised role for the nation.

### 1.6 Summary of key findings

The global education market has been characterised by heightened demand, and increased mobility on the part of students, educators and content. Transnational education flows are increasing, but the traditional destination countries are likely to see their proportion of enrolments decrease, owing to increased capacity and better language training at home. New ICT teaching methods also offer competition to traditional patterns of overseas study.

China is now the world’s sixth-largest destination country for international students, and its share is increasing. Its recruitment campaigns are now being conducted in source countries as diverse as Russia, India and the ASEAN countries.
1.7 Outlook for the next 2-5 years

As the world’s sixth-largest provider of international education, China has an increasing stake in policy discussions on transnational education. National support for Mandarin-language training centres overseas is part of more aggressive public diplomacy, which will result in higher enrolments by international students.
Section 2: China's economy and labour market

2.1 Introduction

China is in the midst of an unprecedented economic growth boom and education reform is becoming an increasingly important issue as it strives to become a middle-income country.

In 2005, China’s GDP grew by 9.9%, and although the country’s macroeconomic planners are anxious to curb overheating, GDP growth in the first quarter of 2006 ran at 10.2%. The near-term risks to this upbeat scenario include a sharper than anticipated slowdown in the global economy, particularly in the United States, which may take the wind out of China’s booming export sales, thus triggering a slowdown in China that could lead to job losses and corporate failures.

China’s leaders want continued economic reform and modernisation, but they realise that the rush for economic growth during the past two decades has come at a cost, and they have now turned their attention to the problems caused by unbridled development. The key message of the 11th Five-Year Plan (2006-10) is the need to have a scientific approach to economic development, innovation and social harmony, while maintaining economic growth at a reasonable pace. Science, education and human resources are deemed integral to improving China’s competitiveness (Xinhua News 2005c). Specific targets outlined in the 11th Five-Year Plan include doubling GDP per head by 2010, and reducing energy consumption. Other goals are to expand free compulsory education (nine years) and to reduce poverty through job creation and a more comprehensive social security system.

Chief among the major economic difficulties that continue to preoccupy the government is unemployment. The ongoing restructuring of SOEs, as well as income disparities between regions and between rural and urban areas, put job creation and the education of the workforce (to ensure their employability) on the top of the Chinese government’s list of concerns. Over four million new university graduates, plus secondary and vocational school leavers, will enter the job market in 2006, in addition to millions of laid-off workers and rural migrants.

<table>
<thead>
<tr>
<th>Key economic data</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key indicators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real GDP growth (%)</td>
<td>9.9</td>
<td>8.6</td>
<td>8.2</td>
<td>7.9</td>
<td>7.5</td>
<td>7.1</td>
</tr>
<tr>
<td>Consumer price inflation (%; av)</td>
<td>1.8</td>
<td>2.2</td>
<td>2.5</td>
<td>3</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>Budget balance (% of GDP)</td>
<td>-1.6</td>
<td>-2.1</td>
<td>-3</td>
<td>-3.2</td>
<td>-2.6</td>
<td>-2.8</td>
</tr>
<tr>
<td>Current-account balance (% of GDP)</td>
<td>5.2</td>
<td>3.8</td>
<td>2.9</td>
<td>2.6</td>
<td>1.1</td>
<td>-0.2</td>
</tr>
<tr>
<td>Commercial bank prime rate (%; year-end)</td>
<td>5.6</td>
<td>5.9</td>
<td>5.8</td>
<td>5.8</td>
<td>5.7</td>
<td>5.7</td>
</tr>
<tr>
<td>Exchange rate Rmb:US$ (av)</td>
<td>8.19</td>
<td>7.87</td>
<td>7.57</td>
<td>7.5</td>
<td>7.44</td>
<td>7.39</td>
</tr>
<tr>
<td>Exchange rate Rmb:¥100 (av)</td>
<td>7.44</td>
<td>7</td>
<td>7.24</td>
<td>7.44</td>
<td>7.44</td>
<td>7.39</td>
</tr>
</tbody>
</table>

Source: Economist Intelligence Unit.
2.2 Growth centres

2.2.1 Services sector poised to play a greater role

How will China create the jobs that it needs? One broad area targeted for growth is the services sector, which recent statistical revisions have already shown to be much larger than previously thought\(^2\). The government target is to have the services sector contribute 43.3% to the national GDP by 2010, through growth in financial services, insurance, logistics, communications and legal services, as well as promotion of culture and tourism, and other social services needs, namely medical and healthcare (Xinhua News 2005e).

2.2.2 The private sector

The state sector still dominates most sectors in the economy, but it is the private sector (foreign and domestic-owned) that drives economic growth. The OECD estimates that the GDP contribution of the private sector was 59% in 2003, up from 50% in 1998. Although state firms continue to dominate key sectors, including automobiles, steel, petrochemicals, energy, railway, aviation, banking, insurance and telecommunications, aggressive private companies (both domestic and foreign-owned) are winning market share in these areas. Privately owned companies control much of the export market for light manufacturing today, particularly electronics and consumer goods—a result of China’s open-door policy on foreign trade.

FDI continues to play an important part in China’s economic development. In 2005, China recorded US$60.325 billion of “actually utilised” foreign investment, and there were 548,620 foreign-funded enterprises registered in the country (Economist Intelligence Unit 2006).

Scaling up research

FDI is also critical for its links with innovation and technology transfer. According to China’s Ministry of Commerce, there are now more than 700 foreign-funded R&D centres in China, and over US$4bn has been invested in this sector. A great deal of this growth has occurred since WTO accession, when the relaxed rules on foreign ownership made it easier for wholly foreign-owned companies to conduct business, giving them a measure of reassurance that proprietary technology could be protected.

The global pharmaceutical industry is one of many sectors taking advantage of the lower R&D costs in China, and MNCs such as AstraZeneca, Eli Lilly, Novartis, Pfizer and Roche have invested in Shanghai-based research units or partnerships. Other sectors where considerable investment has taken place are ICT, automotive, chemicals and petrochemicals. Motorola was a pioneer in this regard, as it set up its first research

---

2 In December 2005, China revised its GDP components. Using 2004 as the benchmark year, the National Bureau of Statistics (NBS) found that the size of the economy was nearly 17% higher than stated, or US$285bn more—a sum larger than the economy of Indonesia. Services accounted for 93% of the revision, according to Li Deshui, commissioner of the NBS. The new figure for the 2004 GDP was Rmb15.99trn (compared with the old figure of Rmb13.69trn). The revision gave a more accurate picture of the Chinese economy, closer to that of a developed country. The contribution from the tertiary (services) sector was restated, as services’ value-added share of GDP was raised to 40.7% from 31.9%, while that of the industrial sector was reduced to 46.2% from 52.9%.
A recent study was conducted by the Industrial Research Institute on MNCs’ investments in R&D facilities in China. According to this study, while initially the China-based research teams were usually engaged in “retrofitting” technical models for the local market, they are now beginning to participate in the core research efforts of the multinationals. However, for most industries, “satellite” or contract laboratory work by Chinese R&D teams is still the norm, indicating that the embedding of R&D resources in China by multinationals is still evolving (OECD 2005).

2.3 Education and the labour market

Long-term educational planning for labour market needs is imprecise, but continued growth in China’s service economy seems a very safe prediction. As noted earlier, China recently reissued GDP figures for the past decade, showing that the tertiary sector had been under-reported. Other economic growth is directly related to China’s stronger links with the global economy. China’s total trade volumes in 2005 reached their highest ever mark, US$1.4 trillion, with exports rising by 28% to US$762 billion. Imports rose by 18%, to US$660 billion. The trade surplus was just over US$100 billion, a big jump from 2004’s figure of US$32 billion, which in turn was an increase over the US$25.5 billion surplus recorded in 2003 (National Bureau of Statistics). These aggregates, while astonishing, do not tell the whole story. Liberalisation of trading regulations, in line with WTO accession, has meant that monopoly control over foreign trade, previously held by large state-owned trading companies, has given way to a much more diverse workforce, including smaller private players.

Sustained high levels of foreign investment and more globalised supply chains mean more jobs for employees in foreign commerce, banking, logistics, shipping, marketing, design and production. The shifting of entire production lines to China (including the soft design skills) has occurred in light industrial sectors (toys, clothing). As discussed above, research and design work is also picking up as more foreign laboratories open branches in China, or outsource design work to China.

The 2004 economic census results have also shed new light on employment patterns. According to the results, China has 122 million employees in the secondary sector, most of whom are working in industrial corporations (96.44 million), with the balance (25.66 million) working for 5.32 million “self-employed” units. While this categorisation by ownership is somewhat blunt, and does not factor in many of the nuances of modern corporate China (eg state-owned majority shareholding of ostensibly privatised corporations), the breakdown by enterprise structure does show the growing strength of the private sector, which now contributes over 25 million jobs, with another 24 million “self-employed” (National Bureau of Statistics 2006). The typical privately owned enterprise is likely to be a small-medium enterprise (SME), somewhat leanly staffed but hiring new employees faster than any other economic sector.
2.3.1 Skills in demand

What kinds of skills will be required as the Chinese economy gains in sophistication, and is driven by new corporate structures? The short answer is higher calibre managerial and technical skills, as well as an ease in dealing with international business practices, and fluency in English. More complex answers are required for different sectors. For example, the financial services sector has undergone enormous change—by late 2005, 173 foreign banks had branches or representative offices in China, and others have made equity investments in Chinese banks. In line with WTO provisions, all geographic restrictions on foreign banks are to be eliminated by the end of 2006 (although approvals will still be required to open new branches). In 2005 all remaining geographic restrictions on foreign life insurers were removed (although they still require licences, and processing time for these can be long), and so far 37 foreign insurance companies are present in the China market. This rapid rate of expansion has placed tremendous hiring pressures on foreign companies, and “poaching” of staff, as well as compressed training and promotion cycles, are very common. Companies need staff with a broad range of skills, covering everything from high-end finance (e.g., familiarity with inter-bond financing bills) to customer relations officers at local bank branches.

Developments in many other sectors have also generated new skills demands. Logistics management is an area of rapid growth. Since 2004, wholly foreign-owned companies have been permitted to engage in wholesaling, retailing and franchising, as well as warehousing, inventory management and delivery, regardless of geographic location in the country. Foreign retailers have already been extremely active, with Carrefour, Wal-Mart, Metro and Tesco all operating in the country, as well as sourcing Chinese goods for sale in their non-Chinese locations.

The economic growth has been not only among foreign corporations expanding their business operations within China. Domestic companies, particularly manufacturers, have been extremely aggressive, seeking new supply sources as well as new markets for their products, particularly in the saturated electronic goods sector. This has prompted an outward push, primarily into “second tier” markets, such as Russia, India, Africa, the Middle East and South America.

China’s stronger companies are going global, and are seeking new strategic alliances with foreign companies to penetrate new markets, and set up production sites overseas. Once trade flows have established commercial linkages, investment flows have followed. Notable outward investments on the part of Chinese enterprises in 2005 have been the purchase of IBM’s personal computer division by Lenovo for US$1.75 billion, and the purchase of MG Rover (UK) by Nanjing Automotive for £50 million.

2.3.2 Dislocation between demand and supply

Human resource (HR) specialists interviewed for this report complained about a skills shortage in China, even as university graduates hunt for jobs (see Section 3: China’s education system and policy). Demand and supply are clearly out of synchronisation. Some of the mismatches are geographical, as graduates are often keen to remain in their hometowns or the cities where they were educated, rather than strike out into new areas. Other mismatches are caused by China’s extremely disorganised labour.

---

3 Comments from Lu Qiang (Mercer) and Andrew J. Grant (McKinsey)
recruitment practices, and the difficulties of moving families to new locations where one or more members of the household may lack residential status. Both of these issues are slowly being corrected, through better information channels and more flexible household registration procedures.

Gaps between applicants' training and employers' expectations are harder to bridge, but the consensus amongst employers appears to place emphasis on practical training. In pedagogical terms, this is described as "project-based, contextual learning" and is predicated on a good working relationship with industry. Input from the shop floor or design atelier can help delineate a job's requirements, breaking it down to real time tasks, and thus training needs. In general, this requires more practical engineering training, with a better mechanical background, and understanding of assembly lines as well as the people who staff them (Farrell, Farrell and Grant 2005).

Other issues often raised by employers are complaints about the poor social skills and lack of initiative on the part of recruits. According to an EIU study of domestic companies in China conducted in 2005, 63% of managers surveyed complained that the key weakness of staff members was a lack of innovation and creativity (Economist Intelligence Unit 2005b). Blame was placed on China's elitist and rigid education system, in which rote learning is the norm. Lack of social interaction is compounded by “single child” families, and by individualised assignments and test scores, rather than using a case study or teamwork approach to learning. Accusations that employees are risk-averse or unable to work independently are contextual—students in China do not have a “gap year”, nor do they normally hold summer or part-time jobs, so they lack many of the workplace skills that their peers in other countries have already acquired.

2.3.3 Current skills gaps
According to the results of a survey of 123 employers conducted for this study, high-calibre managerial and technical skills are needed, but so are core competencies. Despite their often impressive academic grounding, many job applicants may lack practical applications of theory. While specific skills are in high demand (such as logistics management, software engineering, marketing skills and financial management), most employers stress more basic competencies, such as effective communication as well as interpersonal skills, plus functional skills, independent research capabilities and creativity.

<table>
<thead>
<tr>
<th>Chart 2.1</th>
<th>If your organisation employs graduates from institutions abroad, what are the main reasons you would choose such a graduate over a graduate from a local institution? Select up to three choices. (% respondents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Such graduates have better English skills.</td>
<td>56.2</td>
</tr>
<tr>
<td>Our company needs staff that can understand and communicate with business people overseas and expatriate staff</td>
<td>56.6</td>
</tr>
<tr>
<td>Such graduates are more creative</td>
<td>38.2</td>
</tr>
<tr>
<td>Such graduates are well-trained</td>
<td>25.0</td>
</tr>
<tr>
<td>Such graduates are a better fit with our corporate culture</td>
<td>23.7</td>
</tr>
<tr>
<td>Such graduates are good problem solvers</td>
<td>22.4</td>
</tr>
<tr>
<td>There is a shortage of qualified graduates from local institutions</td>
<td>22.4</td>
</tr>
<tr>
<td>The quality of education abroad is superior</td>
<td>6.5</td>
</tr>
<tr>
<td>Other</td>
<td>6.6</td>
</tr>
</tbody>
</table>
2.3.4 Will lack of jobs drive demand for postgraduate education?

The 2005 Employment Survey of Higher Education Graduates and Employment Outlook for 2006 Higher Education Graduates (Ministry of Personnel 2006) predicts that of the 4.13 million university graduates entering the job market in 2006, there will only be 1.66 million employment opportunities. With so many more graduates than jobs, a large number of those finishing their undergraduate degrees can be expected to apply for further study in order to better their job prospects. Employment rates amongst postgraduate degree holders are better, but not by a large margin, and indeed the gap is narrowing (the gap between the two cohorts was 7.8% in 2003, and shrunk to 5% in 2005) (Ministry of Personnel 2006). Private enterprises, which are the fastest growing sector in the economy, are actually the least likely to hire staff with postgraduate degrees.

In most instances, the shortfall in job candidates’ skills does not seem to be remedied by further academic work. Increased enrolments in postgraduate studies are thus likely to delay job searches, but may ultimately result in higher frustration levels on the part of job seekers. Indeed, higher academic qualifications may present even more of a mismatch with the needs of the job market—and attitudinal issues on the part of postgraduate degree holders may also hold them back from doing well in interviews for jobs that are considered too pedestrian for their talents. (For more discussion on demand for graduate and postgraduate degrees, see Appendix 4.)
2.3.5 Do overseas graduates have an edge?

The ambitions of many of the students who pursue postgraduate studies are fuelled by the success of high-flying “returnees” from overseas studies (popularly known as *hai gui*, a pun on ocean-going turtles returning to land). But how much longer returnees can command special treatment is a matter of doubt. Returnees, particularly those from good universities, may still command a premium (usually 25-30% higher salaries), but competition is worsening, even for understaffed sectors such as banking. Moreover, employers are now much more selective, giving preference to applicants from top overseas colleges who have also gained work experience abroad, preferably through work placement programmes or internships in their professions. However, *hai gui* who are hired are usually slotted into management-level jobs, and, not surprisingly, this has reinforced their perceived status.

Nonetheless, for some hiring, local talent (and social connections) is considered to be more appropriate. This is particularly true for marketing jobs, or jobs requiring high-level Chinese-language skills and sensitivity to cultural norms, such as advertising. Often, HR directors differentiate between candidates’ strengths—for example, local graduates may be assigned to Beijing, where SOEs are the main clients, while graduates from foreign universities may be kept in Shanghai, to deal with multinational customers.

![Chart 2.4](chart.png)

*Hai gui* may be at a disadvantage in other ways, as returnees often have a hard time fitting into a local company, where native-place associations and alumni linkages often shape the basic social interactions. By spending so much time abroad, returnees may have forfeited these social connections. Their elitist self-image may also be a handicap.
Returnees may also be overlooked in the job market because of *en bloc* recruitment practices, such as hiring teams that go out to local universities, either through job fairs, or through special invitations by faculties. Returnees are more dependent upon advertisements and head-hunters, or else pro-active use of personal connections.

**2.3.6 Comparative advantages of nations**

According to our interviews with HR consultants, an American educational background is preferred by employers, with UK enrolment also highly ranked. Regardless of where the foreign degree was obtained, employers have become more scrupulous in verifying academic awards. Beginning in August 2005, the MoE, through its local offices and overseas consular posts, expanded its authentication service for degrees obtained overseas (British Council 2005). Students holding non-Chinese qualifications are increasingly requested to have their foreign degrees authenticated prior to job interviews, or submitting applications. The MoE maintains an internal list of institutions that meet its requirements, and a certificate or degree issued by an overseas programme, or a joint-venture programme, which is not on the MoE’s approved list, will not be authenticated. Students claiming that the degree was obtained wholly or partially overseas will need to present customs or visa documents in support of their claim.
2.3.7 Perceptions of international programmes offered in China

Similar to the focus group results noted elsewhere (see Appendix 3), employers surveyed had very polarised assessments of the quality of international education programmes offered in China. While many employers were open to the idea of distance education, and were generally positive about the cross-cultural value of international programmes, there were also several negative comments about the poor quality and over-commercialism of such programmes.
2.3.8 Demand and supply factors

Employers listed the main occupations that will be in high demand in the next five years as engineering, sales and marketing, finance, commerce and IT/computer science. From the list of possible choices for VTE programmes, employers (in response to an open-ended question) also listed functional skills as the most relevant to their employment requirements—31 said business administration, 13 listed IT, 12 each listed engineering or machine operation/equipment (mechanical, electrical, instrumentation, welding) maintenance, while 11 each said logistics/transportation or sales and marketing. With a few exceptions, this is broadly in line with the results of larger employer surveys (see Table 2.2).
Table 2.2
Top ten jobs that employers are having trouble filling in China

1. Production operators
2. Sales representatives
3. Technicians (primarily production/operations, engineering or maintenance)
4. Management/executives
5. Engineers
6. Machinists
7. Researcher (R&D)
8. Designers
9. Restaurants & hotel staff
10. Receptionists

Number of respondents: 2,692
Employers indicating difficulty filling positions: 24%
Employers indicating no difficulty: 76%
Margin of error: +/- 1.9%

Source: Institute of International Education, Open Doors 2005

Chart 2.13
Thinking about your own industry, in your view, how much demand will there be for candidates with university or graduate degrees in these areas over the next five years? Rate each area on scale of 1 to 5, where 1=Critical demand and 5=No demand. (% respondents)

<table>
<thead>
<tr>
<th>Critical demand 1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>No demand 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business/commerce (undergraduate)</td>
<td>18</td>
<td>27</td>
<td>35</td>
<td>13</td>
</tr>
<tr>
<td>Management (MBA)</td>
<td>25</td>
<td>34</td>
<td>25</td>
<td>12</td>
</tr>
<tr>
<td>Finance and accounting</td>
<td>23</td>
<td>37</td>
<td>29</td>
<td>11</td>
</tr>
<tr>
<td>Law</td>
<td>15</td>
<td>26</td>
<td>28</td>
<td>17</td>
</tr>
<tr>
<td>IT/Computer sciences IT</td>
<td>23</td>
<td>31</td>
<td>26</td>
<td>15</td>
</tr>
<tr>
<td>Mathematics/Statistics</td>
<td>7</td>
<td>13</td>
<td>27</td>
<td>25</td>
</tr>
<tr>
<td>Engineering</td>
<td>31</td>
<td>27</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>Medicine</td>
<td>4</td>
<td>16</td>
<td>13</td>
<td>8</td>
</tr>
<tr>
<td>Biology/Biochemistry</td>
<td>5</td>
<td>14</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Chemistry</td>
<td>9</td>
<td>18</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>Physics</td>
<td>5</td>
<td>10</td>
<td>21</td>
<td>13</td>
</tr>
<tr>
<td>Liberal arts (eg, literature, history, politics)</td>
<td>3</td>
<td>7</td>
<td>28</td>
<td>23</td>
</tr>
<tr>
<td>Psychology</td>
<td>3</td>
<td>9</td>
<td>37</td>
<td>47</td>
</tr>
<tr>
<td>Education</td>
<td>9</td>
<td>11</td>
<td>35</td>
<td>17</td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>37</td>
<td>31</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>Human Resources</td>
<td>14</td>
<td>30</td>
<td>33</td>
<td>12</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>12</td>
<td>24</td>
<td>24</td>
</tr>
</tbody>
</table>

2.4 Summary of main findings
China’s economic growth has raised incomes, and presented new employment opportunities. The economy has diversified, with private enterprises fuelling the fastest
growth. WTO accession in 2001 has brought about remarkable changes in the economy, which is now firmly linked with global trading patterns.

While specific skills shortages are reported, employers also complain of a lack of more basic competencies such as effective communication as well as interpersonal skills, plus functional skills, independent research capabilities and creativity.

Employment patterns and demands have changed, and there is a serious lack of convergence between academic or vocational preparation and the requirements of the job market. Skills shortages are compounded by inefficiencies within the job market, and although postgraduate enrolments (and overseas study) are likely to increase, higher academic awards or foreign degrees may not benefit employment chances.

Predictions are that the graduating class of 2006 (over four million university graduates) will face particular employment challenges – and they are not alone. Secondary school graduates as well as demobilised soldiers, laid-off SOE workers and migrant rural workers are also swelling the ranks of the unemployed.

2.5 Outlook for the next 2-5 years
Unemployment, particularly among school leavers and college graduates, is of increasing concern to policymakers, and job creation will be a major priority.

Another priority for government planners will be curriculum reform, so as to improve the employment prospects for graduates and school leavers.

The main occupations that will be in high demand in the next five years, according to employers, will be engineering, sales and marketing, finance, commerce, IT/computer science, business administration and logistics/transportation. According to the results of a larger employer survey, there is also considerable demand for production operators, researchers (R&D), designers, and restaurant and hotel staff.
Section 3: China’s education system and policy

3.1 Introduction
The education system in China is undergoing unprecedented change—it is in the midst of a large-scale expansion, similar to that undertaken in North America in the 1960s to cope with the post-war baby boom. China is not only rapidly expanding enrolment, but also decentralising the administration of education and introducing new funding mechanisms, including privately invested schools and colleges. However, even as China opens its education market to new players, there are forces of consolidation at work. In particular, concerns over skills shortages in the labour force are prompting a larger government role in vocational training. The Chinese government understands that the long-term success of its socioeconomic development strategy, which rests on rapid urbanisation, growth of the private sector and expansion of Chinese enterprises into world markets, will require a proficient, internationally competitive workforce. As a result, China is embarking on a period of fundamental educational reform and expansion.

The period of reform and transition in China’s educational framework is projected to extend through the 11th Five-Year Plan (from 2006 to 2010). China’s largest cohort of university-age population (18-22 year olds) will crest at 125 million in 2008, and will slowly decline to 69 million by 2050. As these demographic changes take shape, the Chinese government will increasingly treat higher education as an essential element of national “self-strengthening”, using fiscal and regulatory policies designed to transform the structure and function of the education system.

3.2 China and Australian education
China’s period of educational transition will present both opportunities and risks for Australian stakeholders in international education. China is already Australia’s most important source of international students, and numerous Australian providers of educational services, both onshore and offshore, have a stake in the Chinese market (Department of Foreign Affairs and Trade 2005). These stakeholders are drawn from all tiers of higher education, as well as vocational education, ELICOS, secondary education and professional training in Australia.

<table>
<thead>
<tr>
<th>Year</th>
<th>HE</th>
<th>ELICOS</th>
<th>Schools</th>
<th>VTE</th>
<th>Other (non-award/enabling)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>34%</td>
<td>30%</td>
<td>21.3%</td>
<td>11.9%</td>
<td>2.8%</td>
</tr>
<tr>
<td>2005</td>
<td>49.3%</td>
<td>19.9%</td>
<td>13.2%</td>
<td>15.1%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

Source: Australian Education International.
This report describes the key drivers of China’s educational development and Chinese demand for Australian higher education in 2006-10. In a number of ways, Australia is well positioned to benefit from China’s burgeoning need for high-quality tertiary education. The two countries enjoy smooth trade relations, extensive tourism links, and numerous official, institutional and informal exchange mechanisms.

The highest-ranking bilateral policy talks on education take place at the ministerial level, supported by professional discussions conducted by departmental officials. The “Second Consultative Conference on Sino-Australian Education Working Group” last met in March 2005. On September 14th 2005, the co-operation agreement on higher education between the Australian Vice-Chancellors’ Committee (AVCC) and the MoE was extended until 2008. Additional discussions with Chinese counterparts take place in the context of WTO meetings and FTA negotiations.

The Department of Education, Science and Training (DEST) also supports the Australia-China VTE Administrators Mentoring Project (2005), which builds institutional linkages by partnering Chinese VTE administrators with Australian TAFE (Technical and Further Education) administrators, and the China University Administrators’ Shadowing Programme (CHUAS), which was set up in 1999 by the AVCC and the China Education Association for International Exchange (CEAIE). The AVCC-CEAIE agreement involves co-operation in information sharing, staff and student exchanges, mutual recognition of qualifications, staff development, research exchange and university management. So far, 15 visiting Chinese university vice-presidents have undertaken attachments with Australian universities.

3.3 Changes to the demographic and regulatory landscape

There have been significant changes in China’s education policies and practices since AEI’s report on Chinese students’ choices of overseas studies was released in 2001 (Mazzarol et al. 2001). Based on the data available at the time, the report predicted that demand for post-secondary places at Chinese institutions would remain extremely constricted and competitive—and thus the market for overseas post-secondary placements would remain strong:

IDP analysis suggested that by the year 2000, only 8% of Chinese high school graduates would be able to find a place in local universities. Even by 2010, it is not anticipated that more than 12% of high school graduates will find places. The single child policy and rising per capita incomes of many Chinese families will also increase the demand for education, which is highly prized in China. (Mazzarol et al. 2001, p.18.)

Policy changes since 2000 and supplemental data4 have altered the educational-planning landscape. Although population pressures are increasing with respect to school-age cohorts (born in the late 1980s and early 1990s), this will be a short-term phenomenon. Indeed, the long-range demographic forecast predicts that the post-secondary cohort will crest in 2008, after which it will decrease (Yuan 2003).

4 The population census of 2000 was the first time that China’s migrant population was enumerated, resulting in large increases in many municipal population statistics—for example, Shanghai’s pre-census official population count was approximately 13m, while its post-census count was a more realistic 16.4m.
Most significantly, China is now seeing the results of its aggressive expansion of secondary and post-secondary education provision since the late 1990s. Thus, while aggregate education demand is still a calculation based on an extraordinarily large population and limited enrolment capacity, the respective contributions of each factor to the country’s educational supply/demand dynamic have undergone major shifts. As China’s largest school-age cohort has advanced through the educational system, it has been accommodated by unprecedented levels of funding and expanded capacity. This expansion in supply is influencing Chinese students’ decisions about where and what to study, and their choices are in turn affecting government decisions about where and how to fund additional educational investments.

### 3.4 Demographic trends

Demographers project that the post-reform population “wave” of China’s largest school-age cohort (born in the late 1980s or early 1990s) is cresting in the following sequence: the largest cohort of 15-17 year olds (75.87 million) was in 2004, and the largest cohort of 18-22 year olds will be in 2008 (for a total of 125 million). Following this peak, the population aged 18-22 will decrease to 121.9 million in 2009, 82 million by 2020, and 69 million—essentially half the 2008 figure—by 2050.

![Chart 3.1: Changes in student population, 2000-2050](chart31.png)
Overall wealth levels will rise, although there is a growing income gap in China. The national per capita disposable income for urban residents averaged Rmb10,493 in 2005 (9.6% growth over 2004), while the per capita net income for rural households was Rmb3,255 (6.2% growth over 2004). As a result of tax reductions, incomes are expected to rise further in 2006 (agricultural taxes have been phased out as of January 1st, and the threshold level for income tax has been raised to Rmb1,600 per month). A salary hike for civil servants is also expected. Per capita urban incomes are projected to grow to an average Rmb13,390 by 2010 and rural incomes will rise to Rmb4,150 in the same period (People’s Daily 2006). (For more detail on incomes, including forecasts for affluent households by region, see Section 9: Marketing.)

3.5 Expanded capacity for secondary and tertiary education

The challenge for China’s educational planners has been not only to accommodate larger numbers of enrolments in the school system, but also to upgrade educational capacity in accordance with the country’s campaign to “develop human capital”—in order to support a more sophisticated, globalised economic role for China. This campaign involves several ministries and funding channels, and while major regulatory responsibility for educational policymaking lies with the MoE, the issues of labour quality and educational standards are core pre-occupations for the State Council as a whole.

In line with overall expansion for educational resources, China’s education policy planners project three stages in capacity growth for the country’s secondary and post-secondary enrolment. The initial stage (to run until 2010, in alignment with the 11th Five-Year Plan) predicts a jump in secondary enrolment from 40% to over 70%, with tertiary enrolment to rise from 13% to over 20%—a considerable leap from the predicted 12% enrolment rate by 2010 posited in the AEI 2001 report.

The second wave of education development projected is from 2011 to 2020, when enrolment in secondary education is expected to reach 85% and post-secondary enrolment will grow to 40%. The third phase will take place between 2021 and 2050,
during which the national population will stabilise and post-secondary enrolments will exceed 50%.

Table 3.1
China’s enrolment targets 2010-2020

<table>
<thead>
<tr>
<th>Level</th>
<th>School-aged pop (m)</th>
<th>Gross enrolment rate (%)</th>
<th>Numbers enrolled (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary</td>
<td>97.97</td>
<td>100</td>
<td>99.96</td>
</tr>
<tr>
<td>Middle</td>
<td>53.92</td>
<td>96</td>
<td>51.97</td>
</tr>
<tr>
<td>Secondary</td>
<td>56.19</td>
<td>72</td>
<td>40.43</td>
</tr>
<tr>
<td>Higher</td>
<td>114.63</td>
<td>22</td>
<td>25.61</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary</td>
<td>106.73</td>
<td>102</td>
<td>109.23</td>
</tr>
<tr>
<td>Middle</td>
<td>51.09</td>
<td>98</td>
<td>49.88</td>
</tr>
<tr>
<td>Secondary</td>
<td>49.15</td>
<td>85</td>
<td>41.74</td>
</tr>
<tr>
<td>Higher</td>
<td>82.08</td>
<td>40</td>
<td>33.07</td>
</tr>
</tbody>
</table>

Source: Stride from a Country of Tremendous Population to a Country of Profound Human Resources 〈從人口大國邊向人力資源強國〉

Expansion of secondary and tertiary enrolment is predicated on a stable base for compulsory education (nine years of school, to completion of middle school), and recent government measures strengthening compulsory education by alleviating the educational costs payable by households for primary and middle school attendance, especially in rural areas, are in line with this objective. Amendments to the Law on Compulsory Education were adopted during the March 2006 National People’s Congress. These amendments will eliminate rural school fees for compulsory schooling, as well as miscellaneous charges. The budget shortfall (tuition fees plus miscellaneous charges had provided approximately 20% of educational income) is to be made up through special funding allocations from Beijing and the provinces.

Table 3.2
Sources of education finance by level, 2003

<table>
<thead>
<tr>
<th>Level</th>
<th>Government</th>
<th>Tuition</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>81</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Middle</td>
<td>74</td>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>Secondary</td>
<td>48</td>
<td>29</td>
<td>23</td>
</tr>
</tbody>
</table>

1 “other” refers to special fees and donations which supplemented educational budgets but which placed heavy burdens on poor households
Source: National Bureau of Statistics

3.6 Higher education—A decade of growth

The 9th Five-Year Plan (1996-2000) marked the beginning of tremendous change in China’s education policies. In the mid-1990s, higher education was administered by a number of line ministries, according to the Soviet model of single-discipline colleges and research institutes (for example, the Ministry of Metallurgy ran colleges of metallurgy and funded its own research institutes). However, with the disbanding of line ministries, responsibility for such colleges was devolved to the education commissions of local governments, which in many instances were reluctant to take on the costs of maintaining them. A scramble of mergers ensued, as specialised colleges were grafted on to existing post-secondary institutes or were upgraded to university status (for example, the Textile
University in Shanghai became Donghua University). In the course of this cycle of rationalisations, most higher-education institutes were delegated to provincial or municipal governments (there were 1,114 in 2003), leaving about 100 elite universities under the direct supervision (and funding) of the MoE and a very small number under other central agencies (such as the Customs University, which is under the State Administration for Customs). While the rapid pace of restructuring and frequent name changes of institutes complicates year-on-year statistical comparisons, the overall growth trajectory is very clear.

Progress in capacity building during the 10th Five-Year Plan (2000-05) was substantial (Ministry of Education 2005). In 2003 alone, 252 new institutes of higher education were approved, of which 75 were accredited by the central MoE, and 174 were approved by provincial or municipal-level Commissions of Education, while three institutes were approved by central agencies (for example, the Northwestern Minorities University is under the Commission for Ethnic Affairs, and the All China Federation of Trade Unions administers the China Labour Relations College).

As at May 2006, there was a two-tier system for accreditation, with responsibilities split between the central MoE and provincial Commissions of Education. The Academic Degrees Committee of the State Council (ADC) checks curriculum and requirements of degree-granting disciplines and must approve doctoral and professional programmes. A Committee of Accreditation (Educational Development and Planning Division) is responsible for the accreditation of new institutes, while provincial Commissions of Education have authority to decide on the establishment of Master's-level and undergraduate programmes.

Of the 252 institutes approved in 2003, 198 were publicly funded and 54 were private (of these, five were degree-granting colleges and 49 were vocational training institutes). While most of the privately funded institutes were “greenfield” operations, in many instances the newly established public colleges and universities were amalgamations of existing colleges: Red River (Hong He) College in Yunnan was formed by a merger of the Red River branch campus of the Yunnan Radio and Television Broadcasting College and the Meng Zi Vocational Teaching College (Ministry of Education 2005).

3.6.1 Regional disparities
As always in China, there are considerable deviations in regional capacities and statistical anomalies, owing to large population counts. For example, in 2000, Beijing had 59 higher education institutes and an enrolment of 282,600 students (Ministry of Education 2005). Shanghai was the next best endowed city, with 37 higher education institutes and 226,800 students. However, Nanjing, a much smaller city, had 28 higher education institutes and 216,900 students—a much higher per head enrolment figure at 749 tertiary students out of every 10,000 in the population. Significantly, Ningbo was underserved by higher-education institutes, having only eight with a total enrolment of 25,900. This paucity has implications for local governments’ strategies for accelerating educational development. (See case study on University of Nottingham at Ningbo in Appendix 5.)

In terms of GER for higher education, China’s numbers have increased from the rather uneven baseline in 2000, although there are still many regional variations. According to

---

5 This is the figure for colleges and universities. It does not include specialised research institutes.
academic observers, China has already achieved its 2010 GER target in some of its wealthier cities.6

3.7 An evolving policy framework

While striving for massification of education China has at the same time been reaching for quality, attempting to establish an Ivy League of its own. Beginning in 1996, a series of measures have been announced to upgrade the research capacity of the elite universities, which have remained under the control of the MoE. This first project was called “Project 211” and focused on approximately 100 “universities of excellence”. A more focused effort followed in 1998, with the “985” programme, which concentrated on large investments in infrastructure, salary support and research facilities for the country’s top nine universities (Beijing University, Fudan University, Nanjing University, Zhejiang University, Tsinghua University, Shanghai Jiaotong, Xian Jiaotong, China University of Science and Technology and the Harbin University of Technology). This list was later expanded to include another 30 universities—all of which were to develop their research strengths as well as teaching quality (Hayhoe and Zha 2004). Under this directive, partnerships with foreign universities, as well as exchange programmes with international faculty and students, were encouraged as a way to accelerate growth and raise standards.

“Non-key” universities that were not on the MoE’s list for special support were also motivated to seek foreign partners, but for different reasons—funding restrictions and cost-cutting measures on the part of local Commissions of Education became major obstacles in their growth strategies. This trend was by no means wholly compelled by commercial need, but budget realities prompted many regional universities to concentrate on market-driven teaching loads, rather than on the loftier (and subsidised) pure research pursued by elite universities. The devolution of educational responsibility for the majority of China’s higher-education institutes was in tandem with other reforms to the state sector, such as restructuring of SOEs, and the subsequent budgetary burden on local government was considerable. Tuition was raised and private involvement in the education sector was introduced, in order to alleviate some of the funding burden as well as broaden enrolment.

Provincial budget support on average only covers 48% of operational costs, and tuition payments only contribute approximately 30% to income, leaving a shortfall that must be funded through other means (Kroeber 2005). Development efforts on the part of colleges and universities have ranged from fundraising efforts among alumni and Hong Kong- or Taiwan-based philanthropists to soliciting corporate support for research labs (in the pre-WTO scramble to win licensing contracts, many foreign financial and telecom corporations endowed local universities as goodwill gestures). However, while these efforts succeeded in securing “one-off” contributions, additional support is usually needed to cover recurring costs.

Undergraduate and graduate tuition costs are set by the Commissions of Education (with input from the Price Bureau), as are the per capita subsidies, which reflect the number of “planned” students for each institute. Between 1995 and 2003, the per capita expenditure in higher education and per capita current cost almost doubled, while relative government share declined. Over the same period, average tuition and fees

6 Interview with Professor Gerard Postiglione, Hong Kong University (Wah Ching Centre for Research on Education in China).
triplied to help offset this. At the same time, higher education institutes were under pressure to expand enrolments (Ministry of Education 2006).

In response to these pressures, colleges and universities have accommodated demand well beyond their “planned” allotment of student numbers. Many universities initiated a two-tier enrolment scheme, whereby “off-plan” enrolments (usually not more than 5%, and these students can only receive a diploma, not a full degree) added some flexibility and income to recruitment procedures, as did the provision of extramural courses such as continuing education or executive development courses, which are usually priced much higher than standard courses. In other instances, the university’s name was “lent” to an affiliated institute to help with marketing efforts. Such revenue-generating efforts were usually directly linked with salary boosts for the teaching faculty and, not surprisingly, were extremely popular. Moreover, faculty members in high-demand fields often supplement their incomes further by taking on consultancy work or moonlighting at some of the numerous new colleges.\(^8\)

These measures are proving to be non-sustainable, and recent media coverage has exposed sharp practices in recruitment. The problem was brought to national attention in June 2006, when students who were enrolled in “off-plan” courses run by a private college affiliated with Zhengzhou University rioted when they discovered that their degrees would not be issued in the name of the prestigious state-run university but instead would be diplomas from the newly minted private college (Kahn 2006).

### Table 3.3

**Total enrolment, university and college students**

<table>
<thead>
<tr>
<th>Year</th>
<th>Regular HEIs (m)</th>
<th>Adult HEIs (m)</th>
<th>Total (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>3.4</td>
<td>2.8</td>
<td>6.2</td>
</tr>
<tr>
<td>1999</td>
<td>4.1</td>
<td>3.05</td>
<td>7.1</td>
</tr>
<tr>
<td>2000</td>
<td>5.5</td>
<td>3.5</td>
<td>9.0</td>
</tr>
<tr>
<td>2001</td>
<td>7.1</td>
<td>4.5</td>
<td>11.7</td>
</tr>
<tr>
<td>2002</td>
<td>9</td>
<td>5.6</td>
<td>14.6</td>
</tr>
<tr>
<td>2003</td>
<td>11</td>
<td>5.6</td>
<td>16.6</td>
</tr>
</tbody>
</table>


### 3.8 Private colleges and schools

The growth of China’s private education sector in the past decade has been extraordinary and is linked with the overall trend of decentralisation and the transition to a market economy. As part of this economic transition, local governments in many areas have taken on freewheeling entrepreneurial characteristics, promoting their localities to foreign enterprises as investment sites and transforming collectively owned township-village enterprises into quasi-private shareholding corporations. In the field of education, this ready acceptance of co-operation with privately run schools and colleges has been most marked in provinces (eg Guangdong, Fujian and Zhejiang) where the level of economic growth has outstripped the slower-paced evolution of a regulatory framework.

\(^7\) “Off-plan” enrolments are additional students who are enrolled, even though the student numbers are already at the maximum permitted by the Bureau of Education.

\(^8\) Numerous interviewees discussed the shortage of qualified faculty members. Many academics are also involved in lucrative consulting assignments, or run their own companies.
Although students enrolled in private schools and colleges do not receive direct government subsidies and are not eligible for state grants of research funding, local governments frequently contribute land and development costs for the provision of school facilities. This is especially common in “greenfield” sites, which are often zoned as “university towns” and are usually located on the outskirts of cities, on what had been agricultural land. It is not uncommon for such sites also to include commercial or residential development, making the criss-crossing of entrepreneurialism in the educational and property development fields extremely complex.9

On a formal level, such opacity is difficult to clarify. Legislation is slowly catching up with developments in the private school sector, but the official attitude on the part of the MoE has remained somewhat cautious and certainly less than effective. The law on the promotion of non-state schools only came into force on September 1st 2003, by which point there were already over 14m enrolled in private schooling (see table 3.4). Most significantly, the ministry’s assumption that the provision of education should be a “non-profit” activity is at variance with the reality of both public and private school funding and administrative practices. The ministry’s instruction that educational institutes should reinvest any profits or surplus operating funds into their own institutions (or fund scholarships) is mirrored in their attitude towards foreign educational providers, which, although they are allowed to make a “reasonable” return on provision of their services in China, encounter practical difficulties in defining what is a “reasonable” amount and repatriating profits. This issue has been raised in the context of Australia-China FTA discussions and is still awaiting resolution.10

### Table 3.4
**Private education**, 2003

<table>
<thead>
<tr>
<th>Aggregate private education enrolment involved 70,000 schools, for a total of 14.16m students</th>
</tr>
</thead>
<tbody>
<tr>
<td>55,000 kindergartens (4.8m students)</td>
</tr>
<tr>
<td>5,676 primary schools (2.74m students)</td>
</tr>
<tr>
<td>3,651 middle schools (2.56m students)</td>
</tr>
<tr>
<td>53 vocational middle schools (22,800 students)</td>
</tr>
<tr>
<td>2,679 secondary schools (1.61m students)</td>
</tr>
<tr>
<td>1,382 Vocational high schools (793,800 students)</td>
</tr>
<tr>
<td>175 accredited post-secondary colleges* (810,000 students)</td>
</tr>
<tr>
<td>1,104 higher education organisations (1 million students)</td>
</tr>
<tr>
<td>10,631 training organisations (3.93m students)</td>
</tr>
</tbody>
</table>

* See The National Association of Vocational Education in China, website [www.zhsjs.org.cn](http://www.zhsjs.org.cn) Speech by Vice Minister Wu Qidi on “Sixteen Character Guiding Principles” (for the management of private education)
* Accredited by the Ministry of Education, or its provincial affiliates

Public attitudes towards private education reflect some of the ambiguity felt by MoE officials. In the course of our research, we conducted a survey of 150 households in six cities. When asked whether they make any distinctions between programmes offered by state-owned institutions and those run by the private sector (in the context of overseas education), 54% of respondents said they do make distinctions—they believe that state-owned institutions are more trustworthy. It is worth noting, however, that only 9% of

---

9 Interview with Dr Qiang Zha.
10 Australia is at the forefront of FTA discussions on services. Other FTA negotiations in play between China and other countries are focused on trade in goods.
respondents said that state-owned institutions are of better quality. Only 14% of respondents said that they had not considered the difference or did not have an answer to this question.

3.9 Foreign involvement

3.9.1. Overview

In contrast to ministerial caution on for-profit education, most educators and local officials, whether they are associated with newly minted private colleges and universities, restructured and under-financed public institutions, or even the better-funded elite universities, view co-operation with new business partners such as international education providers as an excellent way to fast track to a healthier balance sheet and an improved academic reputation.\footnote{Results have been mixed, and many of the international education partnerships have less than stellar reputations. See Section 4 for perceptions of twinning programmes.}

The proliferation of international courses at Chinese state and private colleges and universities in the past decade has been astonishing. Australian colleges and universities have been aggressive marketers—an estimated 30,000 Chinese students studied in Chinese-Australian joint education programmes in 2005, including ELICOS, vocational education, joint diplomas and foundation studies programmes. According to the Department of Foreign Affairs and Trade (DFAT), of the 164 joint degree programmes approved by the MoE in 2004, 48 were Australian (DFAT 2005). (It should be noted that there are discrepancies regarding these statistics. For further discussion of these discrepancies, see Section 4: Twinning programmes).

Pricing of international courses has been aggressive, particularly for business management degrees targeted at executives. Tuition for an Executive MBA (EMBA) degree at a top-ranked university is usually over Rmb200,000 (A$33,154). By comparison, an accredited Master of Science in Economics from the same university would cost only Rmb10,000, but would not offer the flexible hours, practical training or cachet of an EMBA.
Although each partnership between an international education provider and the host Chinese institution has its own dynamics (variations on the delivery of joint programmes are detailed in Section 4: Twinning programmes), the template is remarkably similar. Recruitment is conducted by the Chinese institution, and, regardless of ownership provisions by the foreign partner, the Chinese side retains managerial control. The programme of instruction is required to go through an approval process in China conducted by the MoE. However, the final degree or diploma is usually issued by the foreign institute and may not be recognised as an academic qualification within China. There is usually no functional linkage between the foreign diploma programme and other academic activities on campus, such as a combined major, with the result that the international programme lacks any real “embedding” in the core teaching or research programmes of the host university.

3.9.2 Limited integration with local education

The lack of integration by international programmes with core university programmes is analogous to the practices of foreign-invested enterprises (FIEs) in processing trade zones—imported components are shipped into the zone for processing and are shipped out again as export items, leaving almost no mark on the domestic consumer economy or supply chains. While such production processes can be cost-efficient, they are inherently risky for the host economy, as the FIEs are highly mobile and, being so estranged from the local economy, can withdraw (or be expelled) with little notice.

In our investigation, we found joint-venture educational partnerships that were equally superficial. In the most egregious cases, promotional material issued by Chinese partners often does not even refer to the foreign partner by name, nor is there noticeable signage on the campus listing the foreign association (see Section 9: Marketing). We believe that such shallow international educational partnerships are not sustainable and will be subject to a consolidation effort in the next five years. This is likely to stem from a drive for quality, both on the part of the MoE and by the universities themselves, as they evaluate the value and utility of their relationships. As at May 2006 there was a 20-month backlog of applications by Sino-foreign university partnerships awaiting approval, indicating that policy consultations are under way, following the large numbers of approvals (164) given to joint programmes in 2004.

3.9.3 Consolidation efforts

While the context of such policy consultations is, naturally, specific to educational issues, the general trend of scaling up and “sinofication” of national standards has become an underlying principle of much current legislative activity in China. For example, faced with a spate of diverse commercial certification schemes, China has taken measures to ensure conformity of standards for manufacturing and commerce. In 2001 the Administration for Quality Supervision Inspection and Quarantine (AQSIQ) set up the Standards Administration in China (SAQ) to oversee national standards. AQSIQ also established the China National Regulatory Commission for Certification and Accreditation (CNCA) to implement a unified China Compulsory Certification scheme (CCC) for product safety and conformity to technical standards for sales in the China market, including imported items (Economist Intelligence Unit 2006).

What will drive a similar consolidation in education? As seen in the example above, consolidation of standards and protocols following the opening of a market sector is a familiar theme in China’s economic development. Recent scholarship on educational
policy has reflected on the respective experiences of developing countries in their quests for modernisation, with a good deal of stock placed on China’s ranking relative to its counterparts (OECD 2005). With peak enrolments in post-secondary institutions due in 2008, the emphasis by educational planners is shifting from quantity to quality, stressing financial reform and policy coherence, as well as unified qualification standards and accreditation. Recent comments from the MoE indicate that “off-plan” recruitment will be disallowed, and that caution will continue with respect to the accreditation of private colleges. Curriculum change is also probably under way in response to criticism that graduates lack marketable skills—the ILO is now pioneering a series of vocational courses in entrepreneurial skills to be delivered at six universities. If this pilot programme is deemed successful, similar courses will be offered elsewhere.

3.9.4 Trends to watch
As discussed above, analogies from other economic sectors may be helpful in predicting the trajectory for further reforms in education. The Chinese experience in deconcentration and decentralisation is frequently followed by a consolidation process, particularly when the sector is a national strategic priority. For example, deregulation of the nation’s airline industry in the 1990s resulted in the establishment of over 40 carriers by 1995, most of which were supported by provincial or even municipal governments (such as Xiamen Airlines or Wuhan Airlines). This was duplicative and wasteful, and government reintervened to force mergers, resulting in the current three major airline groups (and several smaller airlines) (Chung 2003).

Further evidence of impending consolidation is provided by the universities themselves, notably the top-ranked universities that are most motivated to raise their teaching standards. The establishment of a ranking system for universities (run by Shanghai Jiaotong University) has resulted in well-frequented website descriptions of sub-standard practices. Accreditation agencies from home countries are nonplussed by the rapid proliferation of offshore course delivery and at least one is attempting to bring some order. In addition, the EIU believes that the need by Chinese universities to meet international accreditation practices will weed out some anomalies. Business schools at China’s top universities, for example, aspire to enter the ranks of the world’s most esteemed institutions, but to date only one has any international accreditation, although more are applying. The China-Europe International Business School in Shanghai (CEIBS) has been awarded the prestigious EQUIS (European Quality Improvement System) accreditation, which is managed by the European Foundation for Management Development. CEIBS is now applying for the American-based AACSB International accreditation (Association to Advance Collegiate Schools of Business), as is the

---

12 Interview with British Council, Beijing (February, 2006). Further warnings against off-plan enrolments were made in early May 2006 by the State Council, and again in June 2006 following the disturbances at Zhengzhou University where off-plan students rioted.

13 The MoE’s handling of the Rmb10bn for VTE, and its accreditation procedures for the new colleges will be under scrutiny – see Section 4: Twinning programmes.

14 Interview with Samina Hasan, ILO, Beijing.

15 Rankings of overseas universities are popular discussion items on blogs, and will shortly appear in published form. Interview with Anne Stevenson-Yang, Blue Bamboo Ventures Co. See also Section 9: Marketing for a discussion of websites.

16 The rankings systems for MBA programmes used by the Financial Times, U.S. News and World Report and the Wall Street Journal’s College Journal all require that competing schools have either AACSB or EQUIS accreditation.
Guanghua School of Management at Beijing University and a handful of other elite universities.

The AACSB accreditation process involves an evaluation of all business school programmes offered in the name of the applying university and is a long, rigorous exercise that usually requires five to seven years. While joint programmes that are awarded diplomas or degrees in the name of the foreign joint-venture partner institution are exempted from the AACSB evaluation, their cost/benefit calculations for the host Chinese university are likely to change in the course of the lengthy process. Foreign joint-venture partners that have already secured AACSB or EQUIS accreditation will accrue additional cachet, but programmes offered in the name of non-accredited foreign business schools may be seen as liabilities.

3.10 Policy indications

3.10.1 A quest for quality

As discussed above, we believe that a phase of consolidation in the education sector will occur in the near future. We do not wish to suggest that a major crackdown on Sino-foreign educational partnerships is imminent. Such partnerships help to provide a safety valve (for students who might otherwise not be admissible for higher education) and provide income and overseas linkages for Chinese colleges and universities. Moreover, there is legal protection for registered partnerships.

However, education is clearly a strategic priority for the government and will remain a highly regulated sector. Different (and sometimes contradictory) motivations on the part of various players may herald realignments in long-term strategies. For example, we believe that it is extremely implausible that the MoE will cede management control of such partnerships from the host Chinese institution or allow the establishment of fully independent, wholly foreign-owned institutes.\(^{18}\) The government is also unlikely to approve a re-designation of education from “not-for-profit” status—particularly in the light of the State Council’s rollbacks of tuition fees for compulsory education and the expansion of a student aid scheme for post-secondary studies.\(^ {19}\) Moreover, strong comments from the MoE in early 2006 reiterated the importance of education as a “public good” (Ministry of Education 2006a) and called for higher standards in recruitment and management of Sino-foreign joint-venture education programmes. Additional comments from the prime minister, Wen Jiabao, to the State Council (Wen 2006b) addressed more general issues of quality in post-secondary education, stressing

\(^{17}\) The Australian Graduate School of Management, the University of Queensland, the Queensland University of Technology and the University of Sydney have obtained AACSB accreditation.

\(^{18}\) Foreign ownership within Chinese economic sectors has recently come under increased scrutiny. With WTO accession, wholly owned foreign enterprises are permitted in several sectors, including retail operations. This has provoked a backlash, with, \textit{inter alia}, negative comments from Li Deshui of the NBS: “We have been welcoming foreign investment, but now we have to curb any attempt to monopolise the Chinese market.” (Xinhua, 7.3.06)

\(^{19}\) The commercialisation of education has been discussed in the course of the National People’s Congress (March 2006) meeting, with pro-commercial comments by Wang Xuming, spokesman for the MoE, criticised in numerous websites and editorials. Mr Wang stated: “It is natural that not everyone can afford excellent education resources. It is like shopping for clothing. A well-off man can go to a brand-name store to buy a Rmb10,000 suit, while a poor person can buy a Rmb100 suit from a vendor…like any other consumption item, educational consumption should depend on one’s economic capability and intelligence.”
the need for stricter adherence by colleges to enrolment quotas and for curriculum reform so that graduates will be able to meet the needs of the job market.

3.10.2 Risks and opportunities

There are several points for consideration on the part of Australian education service providers as they ponder their strategies in China for the next five years. The experiences of other nations illustrate some of the risks and opportunities.

The Japanese model is more cautionary than exemplary. While there is certainly a flow of talent from China to Japan’s top universities, most student visas are issued to Chinese under a euphemistically titled “internship” programme (kenshusei) that allows them to work for up to seven years. Contracts are arranged between agencies affiliated with the Japan International Training Cooperation Organization (JITCO) and Chinese counterparts, with “management fees” deducted. Most foreign “interns” work in textiles, construction or agricultural processing and are paid lower salaries than local workers. By 2003, Chinese comprised 60% of foreign residents in this category (38,319 workers). Another favoured category is “pre-college students”, who are allowed to work up to 28 hours per week, and in 2003 Chinese nationals made up 71% of this figure (19,337 students). This negative cycle continues throughout the Japanese college system, as colleges complain that they only receive applications from poor-quality Chinese students, but are under pressure to keep enrolments up owing to their own country’s declining birth rate. Finally, upon graduation, many Chinese returnees from Japan have difficulties finding jobs. Japanese companies are reluctant to hire them, ironically preferring to hire locals that are fluent English speakers to assist them in global business efforts. Returnees must also compete with the growing number of Japanese who have studied Chinese.

The British experience has been more varied, as international enrolments have waxed and waned, and new business models are being explored. In a 2004 study of shifting enrolment patterns at UK universities, the Royal Institute of International Affairs (RIIA) noted that Chinese students comprised the largest group of non-EU nationals studying in the UK, with enrolments rising by 74% annually from 3,000 per year in the mid-1990s to 31,506 in 2002-03. The report warned that “some of the UK's universities are becoming hugely dependent on Mainland Chinese students”, and that most growth was occurring in the taught postgraduate and undergraduate levels. In some instances, the preponderance of Chinese students was especially marked—the University of Essex had 29% of its non-subsidised budget provided by Chinese enrolments (Nania, S & Green, S 2004). However, according to the Beijing office of the British Council, enrolments in the UK have now “plateaued” and comments from interviews in the HR sector note that returnees from the UK have a variable reputation among job recruiters.

---

20 In other words, an end to “off-plan” enrolments.
21 JITCO, in collaboration with the Chinese Ministry of Commerce, implements labour export agreements between Japan and China. The preponderance of Chinese migrant workers in Japan has led to negative media coverage, and perceptions of a growing crime rate.
22 Interview with Lu Qiang (Mercer, Shanghai).
23 According to The Times Higher Education Supplement (October 21st 2006), citing data from the Universities and Colleges Admissions Service (UCAS), Chinese enrolments in the UK declined by 22.5% in 2005. Visa policies and costs were cited, as well as concerns over quality and low employment rates for returnees. However, according to the British Council in Beijing, UCAS numbers do not capture all enrolments and the number of students from China studying in the UK has actually plateaued.
In response to concerns about the reputation of UK education, both offshore and in-country, the UK-based Quality Assurance Agency was scheduled to conduct an audit of UK courses run in China with Chinese partner institutions in April 2006 (as of July 2006 results of the audit had not yet been released).

In response to educators’ demands, UK education officials are gearing up to support their institutions’ efforts to provide onshore (in China) delivery of programmes (see Section 4: Twinning programmes). One UK institution, the University of Nottingham, has set up what is described as the first legal joint-venture university (see Appendix 5). Some observers believe this could become a popular model, particularly in undersupplied areas of China. Indeed, in early May 2006, Kean University of New Jersey announced that it had entered into a partnership with Wenzhou University in Zhejiang. Under the terms of the agreement, Zhejiang province is funding the construction of a new campus (US$62.5m), with the curriculum and teaching staff to be supplied by Kean. Completion of the new facilities is expected in 2009, with enrolment of 4,000 students. However, given the high levels of government subsidisation involved, the prospects for such partnerships to be replicated elsewhere are limited (see Section 4: Twinning programmes).

3.11 Postgraduate education

3.11.1 Projections for demand
Future demand for postgraduate education is worthy of special note. As shown in Table 3.5, the number of new enrolments in postgraduate programmes has been rising steadily, as has the number of graduates. According to statistics for 2004, 37% of new enrolments in postgraduate study were in engineering, while 13% were in science, 12% were in management and 10% in medicine (National Bureau of Statistics 2006). Figures show a rising trend in graduates from all of these disciplines (note that 2004 was the first year for which statistics for management study were published). For further discussion of what drives demand for postgraduate education in China, see Section 2: China’s economy and labour market, and Appendix 4.

Table 3.5
Number of postgraduates in China

<table>
<thead>
<tr>
<th>Year</th>
<th>New enrolments</th>
<th>Graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>128,484</td>
<td>58,767</td>
</tr>
<tr>
<td>2001</td>
<td>165,197</td>
<td>67,809</td>
</tr>
<tr>
<td>2002</td>
<td>202,611</td>
<td>80,841</td>
</tr>
<tr>
<td>2003</td>
<td>268,925</td>
<td>111,091</td>
</tr>
<tr>
<td>2004</td>
<td>326,286</td>
<td>150,777</td>
</tr>
<tr>
<td>2005</td>
<td>364,831</td>
<td>189,728</td>
</tr>
</tbody>
</table>

3.11.2 Science and technology as national priorities

What does increased demand for postgraduate education mean for foreign providers? As discussed in 3.7, a series of measures (the “985 Project”) have been under way to upgrade the research capacity of the elite universities in China, and partnerships and alliances with foreign universities are encouraged as a way to accelerate such growth and raise standards. According to its latest policy announcements, the Chinese leadership is keen to see co-operation at this level increase. In his report to the Fourth Session of the Tenth National People’s Congress on March 5th 2006, the premier, Wen Jiabao, discussed the implementation of the country’s “National and Long-term Science and Technology Development Outline”. Increased international educational exchanges are listed as a key measure to achieve this plan.24

However, this does not mean that all postgraduate students will participate in prestigious state-sponsored research projects, any more than the vast majority of students who could not gain entrance to elite institutions at home. However, all students seeking postgraduate placements cannot be accommodated by China’s top universities—and it is likely that increased undergraduate enrolments throughout the country and scarce jobs for graduates with a bachelor’s degree will drive up applications.25

3.11.3 Attitudinal factors

Our survey of parents in 150 households showed that they have numerous reasons for wanting their children to study abroad. However, in focus groups conducted with 28 graduates or senior students of leading universities in Beijing and Shanghai, who were all considering postgraduate study, China’s top universities were the preferred option. In the view of these students, postgraduate study in Australia was largely for those students who could not gain entrance to elite institutions at home. However, all students seeking postgraduate placements cannot be accommodated by China’s top institutions—and it is likely that increased undergraduate enrolments throughout the country and scarce jobs for graduates with a bachelor’s degree will drive up applications.

---

24 In informal discussions with academics and education officials, this is often referred to as “China’s race for a Nobel prize”. Chinese aspirations in this regard were dealt a blow in early May 2006, with the exposure of a major research scandal at Jiaotong University in Shanghai, centred on Professor Chen Jin, the developer of China’s first homegrown computer chip. Professor Chen had received special government funding and academic honours for his research, which critics charge was actually stolen from other research centres. He has since been dismissed from the university.

25 According to findings from the 2006 Council of Graduate Schools Admissions Survey, applications from China for graduate study in the US dropped by 45% in 2003/04 and 15% in 2004/05, although numbers are showing signs of turning upward (+21% for 2005). (Council of Graduate Schools 2006)
for postgraduate studies, making competition for China’s elite universities even fiercer (see Section 2: China’s economy and labour market).

The crucial attitudinal “tipping point” is whether such relentless pursuit of academic qualifications will continue or students will opt instead for marketable professional qualifications. The underlying issue is how quickly the reality of “massification” of post-secondary enrolments in China will erode residual “elitist” thinking in Chinese academic circles. According to Dr Qiang Zha, post-doctoral research fellow at the Ontario Institute for Studies in Education at the University of Toronto, academic streaming and competitive entrance exams, not to mention parental expectations, still foster elitist thinking among Chinese university students, even though university entrance is much more accessible than before and university graduates are no longer assured prestigious jobs—or any employment at all. (For further discussion of demand for postgraduate education, see Appendix 4.)

3.12 Vocational and technical education in China

3.12.1 Background

Vocational and technical education has traditionally been under the administration of the Ministry of Labour and Social Security, which retains nominal control. However, recent policy announcements indicate that a major shift is under way, in which budgetary control and regulatory responsibility will be centralised in the MoE. In general, the current breakdown is that diploma courses are managed and supervised by the MoE, whereas the Ministry of Labour issues vocational training certificates.

VTE training in China typically begins at the senior secondary level, when non-academic students are streamed into vocational high schools (zhong zhuang) at around the age of 15. At current enrolment rates, approximately 40% of students enter this stream, while 60% are streamed into academic studies. The traditional vocational school model in China was the Soviet-style specialised secondary school, which trained workers for direct entry into industrial jobs and was administered by the Ministry of Labour. In the mid-1980s, vocational schools (zhiye gaozhong) were started to build up capacities in service areas. These schools were often attached to ministries, providing related training and entry into the workforce. Like their counterpart universities, these schools were devolved to local Commissions of Education in the late 1990s. Vocational high schools remain under the Ministry of Labour.

Another round of streaming takes place at the age of 18-plus, after students in the academic stream of secondary studies write the unified national exam (gao kao). Depending on their examination results, students are offered placement in universities, colleges or vocational/technical colleges.

Diploma-granting colleges (da zhuan) usually offer two- or three-year diplomas for technical courses. These colleges often originated as offshoots of vocational high schools that provided part-time or adult education. Da zhuan diplomas can give entry into a bachelor's degree, so that after another two years of study, a bachelor’s degree is granted. In reality, however, this crossover is relatively rare, and there is a residual “taint” to entrants into the academic degree stream from a vocational background.
With the expansion of universities and colleges in the past five years, many diploma-granting colleges have been merged, or have in turn been upgraded to degree-granting college or university status. It is estimated that such institutes account for approximately 50% of higher education enrolment in China. In general, these colleges and universities were set up by local governments and locally funded, and there is thus considerable variation in their standards and levels of budgetary support. “Inflationary” tendencies on the part of such schools (and their local government backers) have resulted in the preponderance of “university towns” in many regions, which have been zoned and funded at the local level. Private vocational training colleges have also flourished.

3.12.2 Links to employment
Secondary vocational graduates have an enviably high employment record (90%). In contrast, graduates from four-year bachelor’s degree programmes have an employment rate that is estimated to have fallen from 85% to 78%. Employment is closely tied to marketability, and employment levels for vocational college graduates have risen from 70% to 76%, putting their job prospects now almost on par with university degree graduates. The employment results of both groups are seen as far from satisfactory. Policymakers, noting that vocational college graduates and graduates from four-year university degree programmes face employment difficulties, have concluded that their training was inadequate for the marketplace, even if the colleges did perform a “safety valve” function by delaying job entry for a few years.

The harsh truth is that all graduates are now under growing employment pressure. As noted in Section 2: China’s economy and labour market, the Ministry of Personnel predicts that 4.13 million university graduates will be entering the job market in 2006, following closely on the heels of other large cohorts of college graduates—in 2005, 3.38 million students graduated from colleges and universities, which was in turn a 20% increase from in 2004. In addition to the 4.13 million university graduates, others seeking jobs in 2006 include 2.7 million graduates from secondary vocational schools, 2.1 million graduates from middle and high schools, 700,000 demobilised soldiers, 2.6 million rural-to-urban migrants, an estimated 1 million residual laid-off SOE workers, and 8.4 million registered unemployed (Xinhua 2006).

3.12.3 New policy measures
Effective vocational training has thus become a major government priority, as a means to pre-empt social unrest, particularly among unemployed school leavers and young rural migrants. The State Council issued a policy paper on the expansion of vocational education on October 28th 2005 and convened the 11th National Conference on Vocational Education on November 11th 2005, during which the premier, Wen Jiabao, announced a new funding allocation of Rmb10bn (A$1.66 billion), to be disbursed over the course of the 11th Five-Year Plan (2006-10). Significantly, most of this funding is to be administered by the MoE. Preliminary indications are that the funding will be directed to the establishment of 100 vocational (gaozhi) colleges, and 1,000 county-level vocational educational training centres (zhifanxing zhiyao zhongxin). The latter will be similar to secondary vocational schools but will also serve as resource centres, provide new technology centres, and have bursaries enabling underprivileged students to attend. “Centres of excellence” will be selected from existing vocational colleges, which will

26 Comments from Shi Weiping, Dean, East China Normal University.
27 Comments from Dr Qiang Zha, OISE, University of Toronto.
receive special grants for upgrading. In addition, there will be public advisory centres (gōng gōng zìxún zhōngxin) with admission open to university graduates who want to take up practical training courses, as in an apprenticeship programme. Finally, targets for enrolment in secondary and post-secondary education have been announced, aiming at an even distribution (50-50) of enrolment in VTE and academic courses.

Despite this welcome largesse, many practical questions await clarification. Several Chinese academics interviewed for this report are sceptical that large infusions of money at the county level will be used effectively, fearing that budgets will be expended on equipment purchases and other capital costs. It is also feared that the rapid pace of expansion will have negative impacts on teaching quality, and that the solid linkages with industry—which were hallmarks of traditional vocational training—will be swept away in the rush.

3.12.4 Foreign participation in vocational education

At this point, we believe that the Ministry of Labour will retain responsibility for certain types of vocational training. The ministry has a particularly strong record of co-operation with German vocational training models, which are usually funded by German aid donors or German industry associations, and which are renowned for their very practical vocational orientation. In the German model, fields covered include machinery and automotive production skills, in which actual engines from an automotive assembly line are brought into the classroom for “hands-on” training. Courses are designed up to the “master craftsman” (meister) skills designation, which is recognised in Germany (see Section 5: Alliances).

The labour ministry’s involvement with training programmes for re-employment, which focus on laid-off workers, has also resulted in considerable research and projects supported by the central government and aid donors. However, the results of the ministry’s training programme to improve re-employment prospects for laid-off workers have been mixed, with many complaints that the training was ill-suited and ineffective. While much of this criticism may be unwarranted—given the depressed economic conditions of many former SOE locations, it is hard to see what re-employment training would have any benefit—it has tarnished the ministry’s reputation. In contrast, the ministry’s social security work is well regarded by policymakers and donors, and the expansion of China’s social security network to rural dwellers is likely to be the major focus of the ministry’s portfolio in the future.28

The funding announcement in November 2005 made it clear that policymaking and regulatory control of China’s VTE sector has essentially been shifted to the MoE. It is noteworthy that recent major aid projects on vocational training have partnered foreign donors with the MoE, rather than the Ministry of Labour: the AusAid-funded VTE initiative in Chongqing (a A$19 million, multi-year project) is with the MoE, as are UK-funded VTE projects in Liaoning and Hubei.

Based on China’s past practice of involvement with foreign “pilot projects”, we believe that policymakers will review all the foreign-funded VTE projects under way in the

---

28 Many of the training for re-employment programmes provided by MLSS are not adequately tailored to the needs of the community. CIDA is now experimenting with a pilot programme targeted at female laid-off workers in Lanzhou, Gansu.
country as well as commissioned research on the topic. The MoE will most likely then synthesise the “best practices” of each model into a policy—with “Chinese characteristics”—for implementation. At this stage, it is clear that the Australian TAFE system for delivery of VTE subjects is of major interest—but so are models provided by the German vocational schools, UK polytechnics, American community colleges and Indian technical colleges.

There are additional reasons why Australian TAFE providers active in China should not assume (despite the profile of the AusAid VTE project) that the TAFE system will emerge as the dominant model in China’s evolving VTE policy framework. For the most part, familiarity with the TAFE model as it is delivered in China—with a relatively limited range of courses, and only in classroom settings—does not give a full picture of Australia’s VTE capabilities, nor does it seem to offer the experiential training that China requires for its workforce (see Section 5: Alliances).

3.13 Schools

Education officials have no direct jurisdiction in passport issuance procedures (even for minor children), as this is not a responsibility of the MoE. Flexibility over exit permits and passport issuance for Chinese student applicants (including minor children) will undoubtedly continue, in line with broader government support for overseas travel (passport issuance has been decentralised and procedures simplified). Overseas leisure travel for families is an increasingly important commercial sector.

While there is no known explicit Chinese policy preventing young students from travelling abroad to study, most destination countries have very strict regulations on guardianship (pastoral care) requirements for minor children, and Chinese consular concerns about the safety of such minor children have been voiced in bilateral discussions. Within China, resistance to sending high school students overseas is growing (Stafford 2004), and the Chinese government has been encouraging students to study more English and preparatory classes onshore in China before heading abroad (Ministry of Education 2004b; see Appendix 6). Such comments appear to have fuelled rumours that the Chinese government frowns upon minor student applicants for exit permits. Agents and others interviewed for this study attribute the recent drop in the number of secondary school students coming to Australia to concerns about safety as well as the expense involved.

In China, students under the age of 15 must study an approved compulsory education curriculum, and this prevents foreign schools operating in China from targeting them. There are, however, numerous curriculum licensing arrangements involving foreign bodies. (More details on these arrangements and branch campuses of foreign schools in China are covered in Section 5: Alliances.)

---

29 Studying various national models and then selecting and synthesising the most favourable characteristics of each is common in Chinese administrative practice. An example of this is the current discussion over a “China-specific” forest certification programme, which would incorporate elements of international models, primarily those of the Forest Stewardship Council and the Pan European Forest Council. After field tests for a “China-specific” model, it would then be adopted as the national standard.

30 Interviews with the British Council and the Hanns Seidel Foundation.
3.14 ELICOS
Despite advice from the MoE for students to complete all language studies prior to leaving China, Chinese enrolments in ELICOS in Australia actually grew by 8.6% in 2005, and China is the top source of foreign students for the ELICOS sector in Australia. It is believed that the majority of ELICOS students study in pathway programmes in preparation for entry into higher education. According to one AEI study, 37% of Chinese ELICOS students in Australia between 2002 and 2004 were preparing for enrolment in higher education, while 20% were preparing for secondary school enrolment (Australian Education International 2005).

Within China, the market for English-language study is very competitive, but it is not stringently monitored. Foreign providers are able to operate by registering themselves as “trainers”, thereby evading regulatory review. For more details on such strategies, see section 7 on summer camps and stand-alone English programmes.

3.15 Distance education
Delivery of education through radio and television is relatively common in China, particularly for adult and extramural studies leading to diplomas. Over 60 Chinese universities deliver on-line distance learning. Recent developments in this field include the “e-China” project (a collaboration between the Higher Education Funding Council for England (HEFCE) and the Chinese MoE). There are four pilot projects being developed, mainly for language training. One of the most experienced institutes in distance learning provision is the Beijing Foreign Studies University, which has approximately 30,000 students enrolled across the country, supported by a network of local study centres where face-to-face tutorials supplement televised instruction. The major hurdle for foreign providers is that the distance education degrees they offer are not recognised by Chinese authorities. (More detail on this issue and activity in this sector is provided in Section 8: Distance education.)

3.16 Summary of key findings
China’s demographic profile will result in its largest cohort of college-age citizens cresting in 2008 (at 125 million), after which this demographic will decline to 69 million by 2050. In anticipation of this, and as a means to raise its educational standards to be more competitive in global commerce, China has invested significantly in the education sector in the past decade. This “massification” of education has resulted in greater numbers of post-secondary institutes and a GER that is expected to rise to 20% by 2010.

While striving for massification, China is also seeking to develop its own league of elite universities. In addition to massive increases in funding, Beijing is encouraging these chosen few to form alliances with foreign institutions.

The MoE has been restructured, with oversight responsibility and budgets for most colleges devolved to local authorities. Vocational education, which had been primarily under the Ministry of Labour and Social Services, is now functionally under the MoE, which will oversee new expansion.
Growth in the past decade has placed strain on government funding. In order to relieve this pressure, private sector and international resources have been allowed entry into the education sector, and an array of joint-venture arrangements has ensued. However, there is evidence that government controls on this sector will be strengthened, due to concerns about quality and the reduced employment prospects of school leavers and college graduates.

3.17 Outlook for the next 2-5 years

China’s universities will continue their quest to upgrade quality, despite academic scandals—indeed, damage to their reputation is likely to increase their determination to achieve international accreditation and gain “third party” recognition through standardised testing and other performance indicators. International education partners that can help them in this drive will be valued. With the massive expansion of college places, and greater numbers of enrolments, ranking systems for higher education will become even more critical.

In the short term, overlapping jurisdictional responsibilities between the MoE and the Ministry of Labour and Social Security are likely to hamper progress in the development of China’s vocational education plans and will probably require adjudication at the State Council level. Another risk is that funding allocations to overly decentralised Education Commissions will be squandered.

Based on China’s past practice of involvement with foreign “pilot projects”, we believe that policymakers will review all the foreign-funded VTE projects under way in the country as well as commissioned research on the topic. The MoE will most likely then synthesise the “best practices” of each model into a policy— with “Chinese characteristics”—for implementation. At this stage, it is clear that the Australian TAFE system for delivery of VTE subjects is of major interest—but so are models provided by the German vocational schools, UK polytechnics, American community colleges and Indian technical colleges.32

3.18 Recommendations

Australian VTE providers should be more proactive at the policy dialogue level. Australian VTE providers active in China should not assume (despite the profile of the AusAid VTE project) that the Australian system will emerge as the dominant model in China’s evolving VTE policy framework. For the most part, familiarity with the TAFE model as it is delivered in China—with a relatively limited range of courses, and only in classroom settings—does not give a full picture of Australia’s VTE capabilities. (For more detailed recommendations, see Section 11:2)

31 Studying various national models and then selecting and synthesising the most favourable characteristics of each is common in Chinese administrative practice. An example of this is the current discussion over a “China-specific” forest certification programme, which would incorporate elements of international models, primarily those of the Forest Stewardship Council and the Pan European Forest Council. After field tests for a “China-specific” model, it would then be adopted as the national standard.

32 Interviews with the British Council and the Hanns Seidel Foundation.
Section 4: Twinning programmes

4.1 Introduction
This section evaluates the impact of twinning programmes (usually referred to as “joint ventures” in China) and describes how this specific type of transnational education shapes students’ perceptions of national education systems. This section also examines the potential impact of such programmes on the flow of Chinese students going abroad.

Interviews, surveys and focus group discussions conducted with Chinese students and households between January and April 2006 (see Appendices 1, 2 and 3) have shown that the main perceived advantage of these twinning programmes is that they cost far less than completing an entire degree overseas. Another frequently mentioned benefit is the opportunity to become gradually accustomed to foreign teaching styles in a familiar learning environment.

Twinning programmes also have their risks, which were elaborated in the course of our interviews with students and educators. The most notable danger is a conflict of interests between Chinese and foreign partners. For instance, if the Chinese partner institution is primarily motivated by commercial goals, the quality of the programme could be compromised by lower admission standards and cost cutting (discussed in Section 4.7). In addition, since the second half of the study programme is to take place in Australia, failure to secure an Australian visa could result in an abrupt termination of the study programme, with no final degree or certificate awarded to the participant. Finally, concerns raised by foreign educators include the appropriation of intellectual property by local partners and the use of curriculum material that undermines the integrity of the academic programme.

4.2 Terminology
“Transnational education” refers to educational programmes that are delivered in one country using the educational resources (curriculum, teaching materials and instructors) of another country (Dos Santos 2000). The level of participation by teaching staff from the source country may vary. These programmes are often called “twinning programmes” because the curriculum delivered in the host country (eg China) is meant to be identical to that offered in the source country. Usually, students spend a portion of the programme in their home country before completing the remaining portion and receiving the final academic award (degree, diploma or certificate) at the overseas partner institution.

Twinning programmes are delivered in a variety of modes. Some programmes only share a curriculum, which is comparable to the use of licensed material by otherwise unrelated commercial entities. At the other extreme, the foreign partner may take on all teaching and management duties at an entire branch campus in China owned by the Chinese partner (see Nottingham case study in Appendix 5). This is analogous to a hotel management chain taking on all management duties, including “branding” and use of the chain’s name, in a management contract with a hotelery.
However, the most common understanding of twinning in the Chinese educational context appears to be the “2+2” model (or “1+1” for a Master’s programme) known as *erjiar hezuobanxue*. Under this model, two years of study are completed in China through a local partner institution, taught by a mix of local and overseas teaching staff using the foreign partner’s curriculum. The final two years of study are completed overseas at the foreign partner institution.

Minor variations on this model are listed in Table 4.1 below:

**Table 4.1**
Sample modes of delivery for transnational education

<table>
<thead>
<tr>
<th>Mode</th>
<th>Time</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Twinning</strong> (2+0 “erjiarling”)</td>
<td>2 years in China</td>
<td>ANU-Tsinghua MSc</td>
</tr>
<tr>
<td>- Entirely offshore masters</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Twinning</strong> (“erjiar”)</td>
<td>2 years in China + 2 years in Australia</td>
<td>La Trobe-Jiangsu University of Technology</td>
</tr>
<tr>
<td>- undergraduate</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Twinning</strong> (“yijiayi”)</td>
<td>1 year in China + 1 year in Australia</td>
<td>University of Sydney-Fudan University</td>
</tr>
<tr>
<td>- postgraduate</td>
<td></td>
<td>Shanghai</td>
</tr>
<tr>
<td><strong>Articulation agreement</strong></td>
<td>1.5 years in approved courses delivered by the Chinese university + 0.5 years at Australia-based college + entry into second year of bachelor course (2 years)</td>
<td>University of Canberra-Renmin University</td>
</tr>
</tbody>
</table>

This section deals mainly with formalised joint-venture delivery rather than articulation agreements (as defined in Table 4.1 above).

**4.3 Current status of twinning programmes**

The status and number of twinning programmes in China are difficult to assess. Few reliable statistics are available and official data are often contradictory. According to a 2003 MoE decree concerning foreign education activity in China, there were 712 “approved” joint programmes, yet a 2002 list had only 67 approved partnerships, covering 72 programmes. The 2002 report cautioned that the “remainder…are only authorised to offer certificates and diplomas” (Garrett 2004). The reality seems to be that there are many unregistered programmes. Data from the AVCC published in 2003 list 200 current offshore programmes in China. Yet the latest report provided by the MoE shows only 48 approved programmes for Australia (as of June 30th 2004), and a telephone survey of the local partners of these registered degree-conferring programmes suggested that there are fewer active programmes. (See chart 4.1.) These figures do not include articulation agreements.
At present, most of the twinning programmes registered with the MoE are 2+2 or 1+1 twinning arrangements, along with a selection of programmes that are taught entirely in China (Ministry of Education 2004 & 2006, although, as noted above, data on such programmes are unreliable). However, interviews with Chinese and Australian universities have indicated that there is a growing trend for bachelor's degree courses to be restructured into “articulation” agreements, whereby courses completed at the Chinese institution are accepted for entry into (or advanced standing in) the overseas partner institution. This restructuring is primarily a result of cost considerations, as well as regulatory obstacles faced by the Australian partner, namely:

- Increasing difficulty and/or delays in obtaining MoE approval for formalised twinning programmes (as discussed in Section 3: China's education system and policy, there is a backlog of applications).
- Inability of the Australian partner institution to extract a reasonable return for the provision of overseas teaching staff to the Chinese institution, due to a ceiling on fees in China.
Logistical constraints involved with transporting and settling Australian teachers in China.

4.4 Perceptions of twinning programmes

Our research suggests that twinning programmes have gained very little recognition among employers and Chinese parents considering international education. According to interviews conducted at an education fair in Beijing and focus groups conducted with senior students or graduates of leading universities in Beijing and Shanghai, students seem to be aware of the concept, but those participating in the focus groups were unable to name links involving their own universities.

In our survey of 150 Chinese households with secondary-school age children (see Appendix 1), 76% of respondents said they were not aware of any foreign university programmes taught in China, and 90% said they were not aware of any foreign vocational programmes taught in the country.

Our survey of 123 employers showed similar results: 54% said they were not familiar with university twinning programmes, 52% said they were not familiar with foreign-affiliated programmes, 66% said they were not familiar with vocational training programmes offered by foreign operators in China, and 47% said they were not familiar with English-language schools operated by foreign providers.

Among students claiming to be familiar with such programmes, and even among households claiming little knowledge of them, many doubts were expressed about the quality of the courses and of the students enrolling in such programmes.

Many respondents in our survey of 150 households, covering six cities, disagreed that courses offered in China were as good as those offered overseas or were as competitive in the job market. The strongest disagreement, 64%, was expressed over the statement that “the opportunity to improve language capability is just as good at programmes offered in China as it is overseas”. (Chart 4.2)

Response was marginally more positive when asked about programmes that included one year of study abroad. (Chart 4.3)
Parents did agree, however, that programmes offered in China are a good solution for those who do not want their child to live too far away from home (76%) and that they represent a cost-effective way to obtain an overseas degree/certificate (73%). Combined with the general opinion of the quality of such programmes, however, the overall results seem to suggest that such programmes are considered second best vis-à-vis undertaking a full programme overseas. (It should be noted that the survey question did not distinguish between twinning programmes that have an overseas component, compared to twinning programmes that only involved study in China. The survey questionnaire is shown in Appendix 1.)

Interviews with students planning to study abroad and focus groups with senior students at leading domestic universities suggested that onshore (in China) programmes are viewed as being only for students who cannot gain entrance to top universities or who cannot afford overseas study. The students also believed that only second-tier (or worse) foreign institutions entered into such arrangements in China. (Summaries of focus group discussions are provided in Appendix 3.)

However, it is unclear whether twinning programmes are damaging the reputation of foreign institutions. The students interviewed felt that in cases where twinning programmes had failed, the failure would most likely be attributed to the inability or greed of the local operator. However, participants in student focus groups also mentioned that they felt that only erliu (second tier) foreign universities were involved in this type of programme, implying that foreign university engaged in twinning programmes is at risk of being labelled a "second tier" university. There is widespread awareness in China of a comment made by Lawrence Summers, former President of Harvard University: “Harvard would never set up programmes in China, as it could not guarantee quality”.

Employers interviewed on this issue were more positive. They said that hiring procedures in China have become more sophisticated in recent years and that simply holding a foreign degree (of any type) is not in itself the advantage it once was. There was general consensus that English and communication skills are primary considerations when considering whether a candidate should be given an interview. Most employers suggested that there was little difference between graduates returning from overseas and those that had completed joint-venture bachelor's degree programmes in China. A small number of employers suggested that graduates from twinning programmes might be more suitable as they would know more about the
operating environment in China. Such programmes were also viewed as a good breeding ground for cross-cultural managers. Employers stressed the reputation of the Chinese partner university when forming their opinions about joint-venture degrees.

4.5 Case studies

4.5.1 Graduate level case studies

Master's programmes in business studies make up the bulk of registered foreign graduate twinning programmes in 2005, with an unknown number of unregistered programmes awaiting MoE approval.

As with undergraduate-level programmes, some courses at the graduate level are taught through articulation arrangements that do not involve any foreign faculty teaching the in-China courses, which are typically taught using Chinese pedagogical methods. The primary advantage of this model is that it does not require registration with the MoE as a joint-venture course, as there is no degree programme delivered within China. The student receives a completion document that only has meaning in the context of further study at the foreign partner institution, since this document is not officially recognised in China.

Agents and Australian institutions interviewed for this study pointed out that because the majority of in-country graduate-level twinning programmes (such as University of South Australia (UniSA) in partnership with the Beijing Institute of Civil Engineering & Architecture (BICEA); see Case study 4.1) were targeted at working professionals in niche areas (within common areas such as commerce), these projects were unlikely to have more than a slight impact on the overall numbers of students studying overseas.

---

**Case study 4.1: UniSA in partnership with BICEA—Master of Civil Engineering**

Course Duration: 1.5 years  
Location: Beijing (only)  
Language: Chinese and English

The programme is delivered onshore at BICEA with the course delivery split equally between UniSA and BICEA teaching staff. It is a result of three years of negotiations between UniSA, BICEA and the MoE. Contracts were utilised. The course replicated the UniSA curriculum taught in Adelaide. Exams are bilingual.

BICEA was introduced to UniSA by a member of the Australian institution’s staff.

This course is the only registered graduate-level joint-venture programme in civil engineering in China. It is designed to serve a niche market for professionals seeking internationally recognised qualifications, thus giving the course "specificity".

The Australian partner has identified the following as important factors in forming a contractual relationship with BICEA:

---

33 “Specificity” has been identified as a key component required for education providers to develop a sustained competitive advantage (Mazzarol & Soutar 1999). In contrast, most twinning courses in China offer business or language instruction.
Include bilingual staff with appropriate experience in the negotiations.  
Ensure the negotiations have the support of senior management of both parties.  
Take a long-term view of the partnership.

The programme was launched in September 2005, later than planned owing to delays related to the review cycle of the MoE.

Sources: James et al. 2005; BICEA 2005; consultation with stakeholders.

4.5.2 Undergraduate case studies

Undergraduate twinning programmes are delivered through a variety of arrangements. The demand for these courses or for offshore studies has primarily stemmed from the shortage of places at public institutions of similar reputation (Lee 2005, Bennington & Li 2001). The longer programme length, combined with the student/customer profile, means that these programmes require a different delivery format than graduate courses. Given the wider recognition of local degrees, it has been considered important that these programmes provide local degrees in conjunction with the award of the foreign institution. Hence, Chinese universities often seek a 2+2 undergraduate model that delivers degrees from both institutions.

However, the costs and complexities of such arrangements have been formidable, prompting a shift to a more manageable “articulation” model (see Case study 4.2).

Case study 4.2: Australian mid-size university in partnership with Jiangsu-based university. Bachelor of Business (Management/Business Administration). Originally delivered entirely within China (Zhenjiang)

This programme was initially conceived as a four-year in-country joint programme, but has now been replaced by an articulation agreement, with two years spent at the Chinese host institution in the regular programme stream and an optional two years at the Australian partner institution.

Under the original arrangement, Chinese students were to complete four years of studies to obtain a Bachelor of Management degree in international business from the Chinese university. In addition, students were to complete a 24-unit programme modelled on an Australian Bachelor of Business (BBus) degree. Upon completion, students would receive academic awards from both institutions. Australian faculty were to lecture in eight of the units, using block-mode delivery, with tutorials spread throughout the semester (two-thirds of the course). Local lecturers, approved by the Australian partner, were to deliver lectures and tutorials for the remaining units.

The programme has now been restructured as an articulation arrangement. The Australian partner cited the high costs of overseas delivery and a change of internal policy as reasons for the new arrangement.

Under the new articulation arrangement, the first and second years of the programme are delivered entirely by the local Chinese institution. The onshore (China) component features an English course and other compulsory units designed to meet the Australian
partner’s requirements. The onshore component also involves military training and political education that are compulsory for all Chinese universities. Upon completing the first two years of the programme, if a student meets the language requirement and has fulfilled the compulsory requirements of the Australian university, the student will be granted credits to pursue the third and fourth years in Australia. Successful completion of the final two years results in an Australian bachelor’s degree.

Source: Interviews with staff concerned at the above institutions.

**Case study 4.3: FHSU in partnership with UIBE. Bachelor's programmes in international business, international business law, English**

Course duration: 4 years  
Location: Beijing  
Language: English/Chinese

The courses are taught according to the Fort Hayes curriculum and delivered via virtual classroom software. FHSU teachers from the United States teach approximately one-third of classes. There are inspection visits from FHSU, but no inspection by federal or state authorities from the US government.

This programme is quite widely known among Beijing educators and is widely held to be the first successful bachelor’s twinning programme featuring entire tuition within China.

Students have complained about the high cost of textbook materials at the joint school, as the majority of materials are in English and imported from the US.

Students admitted by UIBE have a choice of “single-degree” (SD) or “dual-degree” (DD) tracks. Students who have participated in the gaokao national entrance exam and achieved required scores may enter the DD programme. Students who have not taken the exam may be admitted by UIBE to pursue the SD track. Students from the DD track will be awarded dual bachelor’s degrees when they graduate: one from UIBE, one from FHSU. SD students will only be awarded a bachelor's degree from FHSU, which is recognised by the MoE as a foreign degree.

Operators report that this programme has been growing and attribute its success to UIBE’s marketing acumen. In interviews with foreign educators, FHSU is described as a “fourth-tier” university and the success of the programme could be attributed to the drawing power of a United States degree.

Sources: Student interviews; official interviews; UIBE Prospectus (2004).

**4.5.3 Vocational twinning case studies**

Vocational education providers from a range of countries teach a spectrum of vocational courses in China. Institutions from Germany, Australia, Singapore and the UK are particularly active. Finland, Japan, Canada and the Netherlands also have a small presence in this area. There is a strong tendency for these projects to be supported by substantial funding from bilateral development assistance programmes, and/or
international development agencies, such as the World Bank. In unofficial discussions with VTE providers from the Netherlands, Singapore and Germany, it was noted that with the exception of courses that are business-related or those that constitute pathway programmes, financial returns in the VTE sector in China tend to be negative and investment by foreign providers is viewed as long-term or exploratory. Pathway programmes are defined here as a series of courses or modules, typically award-based, that constitute an academic pathway to higher education.

The Chinese government, as conveyed in its Vocational Education Law, is emphasising vocational training as a means to meet the needs of the marketplace. Competing national models of vocational education are in operation to varying degrees in China. A number of German operators (for example, TÜV Rheinland and TÜV Nord) have begun to offer technical trade twinning programmes with the support of national and international aid organisations.

The Singaporean government, through its ITE, operates a number of vocational education courses on business subjects and mechanical skills tailored to mould-operators and semiconductor foundry employees in China.

Case study 4.4: Singapore’s ITE in partnership with Tyndall Group & Beijing Chongwen Electronics and Technology Training Centre

Course duration: 3 years
Location: Beijing
Language: English/Chinese

The students in Beijing study for a total of three years. The first year includes components from the Chinese school's programme and English courses from Tyndall Education Group. In the second and third years, the students study ITE's course in electronics as well as continuing to study English. Upon graduation, students receive a diploma (NITEC, a national qualification standard in Singapore) from both ITE and the local school.

This partnership is a franchise operating under the Singaporean government's Overseas Training and Certification (OTC) scheme. The new OTC scheme aims to offer overseas students the opportunity to obtain ITE certification without setting foot in Singapore. Training provided to teachers under this arrangement is carried out by ITE Education Services (ITEES), a subsidiary of ITE. The local school is responsible for providing all necessary equipment and teachers, as well as marketing the course, recruiting students and administering the programme. ITEES licenses and assures the quality of the programme. Graduates receive NITEC (International) or Higher NITEC (International) Certificates.

Source: Interview with ITE.

Table 4.2
Students by state or territory of provider, 2004

<table>
<thead>
<tr>
<th></th>
<th>NSW</th>
<th>Vic</th>
<th>Old</th>
<th>WA</th>
<th>SA</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>2,991</td>
<td>10,144</td>
<td>2,281</td>
<td>300</td>
<td>87</td>
<td>86</td>
<td>15,888</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>52</td>
<td></td>
<td></td>
<td>290</td>
<td></td>
<td></td>
<td>342</td>
</tr>
<tr>
<td>India</td>
<td>6</td>
<td>79</td>
<td></td>
<td></td>
<td></td>
<td>13</td>
<td>98</td>
</tr>
</tbody>
</table>

Source: NCVER study "Delivery of VET offshore by public providers, 2004".

Table 4.3
The VTE fields of study for Chinese students in 2004 were:

<table>
<thead>
<tr>
<th>Field of Study</th>
<th>Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information technology</td>
<td>2,231</td>
</tr>
<tr>
<td>Engineering and related technology</td>
<td>983</td>
</tr>
<tr>
<td>Health</td>
<td>26</td>
</tr>
<tr>
<td>Education</td>
<td>80</td>
</tr>
<tr>
<td>Management and commerce</td>
<td>8,881</td>
</tr>
<tr>
<td>Society and culture (ESL)</td>
<td>2,912</td>
</tr>
<tr>
<td>Creative arts</td>
<td>140</td>
</tr>
<tr>
<td>Food, hospitality and personal services</td>
<td>635</td>
</tr>
<tr>
<td>Total</td>
<td>15,888</td>
</tr>
</tbody>
</table>

Source: NCVER study "Delivery of VET offshore by public providers, 2004".

Aggregate figures from the 2005 report indicate that most overseas VTE instruction by public providers was classroom training delivered in English. E-learning and experiential learning (on-the-job training) accounted for fractional percentages of training. Most teaching staff (69% of the aggregate) were classified as “mainly locals”, while most of the students (81%) also fit into this category. Fully 66% of all courses had an ESL component, and 87% were the same courses normally offered in Australia.\(^{34}\)

Pathway to Australia is one of the main selling points for larger Australian VTE providers delivering courses in China. While this may be in line with marketing efforts aimed at Chinese students, many of whom will eventually go on to further education in Australia, it is striking that occupational and para-professional training, which is a hallmark of TAFE, is lacking in the delivery of TAFE training in China. Thus, the popular image of Australian VTE education in China does not encompass a crucial hallmark of its specialty. This gap is particularly unfortunate given the difficulties in China of reconciling academic instruction with the needs of the marketplace and employers’ complaints about the general lack of practical, experiential knowledge among local graduates (see Section 2: China’s economy and labour market).

There is no research data at present that tracks whether onward studies in Australia from pathway programmes (and eventual graduation from a TAFE or university in Australia) have any bearing on employment prospects upon return to China. The main fields of study of Chinese students enrolled in Australian VTE in China in 2004 are shown in Table 4.3. They show a lopsided concentration on IT, business or ELICOS training.

\(^{34}\) All courses must comply with AQTF standards.
Examples of Australian VTE providers in China include Northern Melbourne Institute of TAFE (NMIT) and Southbank Institute of TAFE. As noted, vocational courses with a pathway component appear to be the most popular VTE twinning projects, based on the number of students enrolled. In our survey of 150 households, 61% said that in considering VTE programmes and/or English-language programmes overseas they would be considering them as a means to gain entrance to university, and 51% said that they believed there could be benefits to seeking tertiary vocational education and training programmes overseas. When asked what benefits they thought there might be, many respondents pointed to improved employment prospects.

4.6 Motivations for entering twinning programmes

Our research showed that there are significant differences between Chinese and foreign partners regarding the desired outcomes of twinning programmes.

4.6.1 What Chinese educational institutions want from a twinning programme

Most Chinese institutions enter into twinning arrangements to increase their academic prestige. Naturally, their preferred partner would be a world-famous institution, but it is also perceived that considerable prestige can derive from forging foreign links, no matter how obscure. Indeed, such links are becoming a necessity as ever more Chinese academic institutions compete to form such relationships.

Based on interviews with Chinese educators, consultants and intermediaries, Chinese institutions often consider the following factors when assessing proposals to enter into twinning programmes:

- Foreign partners’ ability to increase the Chinese institutions’ prestige.
- The marketing value of having the presence of foreign teachers on campus.
- A reliable channel that will consistently accept students for overseas study.
- Limited contractual restraint on the operation of the onshore (China delivered) component of the course.
- The ability to reproduce texts and materials as required.
- Autonomy in enrolment and recruiting processes.
- Flexibility in adapting content for classes and the ability to supplement English-language with Mandarin instruction as required.
- Provision of advanced course materials and instructors.

Chinese partners generally believe that foreign partners should provide the above because, in the words of one foreign educator, “China is a developing country”. In addition, Chinese institutions are seeking to partner with overseas universities of equivalent rank, according to those institutions interviewed.

4.6.2 What Australian providers want from twinning programmes

Although Australian providers no doubt have their own strategic motivations for participating in these programmes, their responses are also shaped by interactions with Chinese partners.
Based on interviews with Australian providers, their entry into twinning programmes and other ventures is motivated by the following factors:

- The opportunity to learn more about China and contribute to its development.
- The opportunity to raise the profile and prestige of the Australian institution, both at home and internationally.
- The opportunity to establish a source of students for the Australian operations of the institution.
- The opportunity to establish a source of revenue to supplement reduced Australian government funding.
- Cross-cultural development opportunities for Australian faculty.

There are other institution-specific reasons for establishing joint ventures. For example, some large-scale operators are also seeking to reduce the cost of developing a curriculum by spreading this over many sites.

However, Chinese institutions interviewed see foreign partners as being primarily motivated by financial concerns, which may be true for some institutions.

According to one foreign partner, even in cases where the foreign partner is losing money, the Chinese counterpart continues to insist that the foreign partner is asking for too much money for services provided. Similarly, the Chinese government is wary of foreign institutions profiting too much from joint programmes (Mooney 2006b). Foreign partners would be wise, therefore, to communicate to the Chinese partner (and government officials) that there are substantial costs involved in providing such programmes. Chinese providers are not always aware of the costs of various provisions included in Australian employment contracts, such as medical and travel benefits, which are often absent in comparable Chinese employment structures.

As for the actual operation of twinning programmes, interview feedback from both Australian and Chinese providers reveals that Australian organisations are seeking:

- Contractual security over the structure of the programme and its operation.
- Comparable course materials and exam delivery to equitable Australian courses.
- English-only instruction in the classroom.
- Consistent application of admission criteria.
- Integrity throughout the examination process, from preparation to marking.
- Dispute resolution mechanisms.

Chinese partners are often particularly challenged by the detailed nature of Western contracts and prefer more flexible, informal agreements. In this respect, and in terms of the somewhat contradictory motivations behind joint-venture arrangements, the experience of the education sector resembles that of other sectors operating joint ventures in China (Luo 2002).
4.7 Difficulties encountered with twinning programmes

4.7.1 Quality

Every Chinese institution interviewed expressed a commitment to quality in course delivery. Yet foreign institutions have described this as their biggest challenge (interviews with Australian providers, Mooney 2006b). Clearly, there are different interpretations of what constitutes quality, what types of programme changes can be made without affecting quality, and the extent to which quality differences are acceptable. Foreign parties see changes that would affect quality as being very important and demanding extensive discussion. Chinese partners simply seek to adapt the curriculum to the needs of the classroom.

Every institution providing education in China claims that the quality of its programmes in China has not been compromised by the increased internationalisation of course delivery. However, in the face of much pressure from local partners, it is inevitable that deviation from standards occurs, even if only temporarily. This is due to the complexity of the operation as well as various logistical issues surrounding supervision and provision of faculty.

There are many ways in which quality can be compromised in the operation of a programme. One is in lax enforcement of enrolment requirements. Local institutions have a commercial imperative to make the course available to more students. Hence, in a competitive environment, admission requirements may be modified. This is particularly hard for Australian partners to verify prior to the commencement of the course (for example, some interviewees reported cases where the children of local officials or connections of the local partner were admitted, regardless of qualifications or spaces available). The effect on quality carries over to the content of the classes, which are consequently "dumbed down".

Another way in which quality can be compromised concerns the language of instruction. For true parity between the degree issued by the overseas institution and the local joint venture, instruction must be in English. According to our interviews with institutions, local partners are increasingly using local staff to deliver courses in a bilingual manner. At the same time, there is significant difficulty in sourcing local staff with a vocabulary sufficiently sophisticated to enable them to deliver the course at a standard equivalent to Australian lecturers.

Another issue is faculty. Institutions operating courses for which the reputation largely depends on faculty (well-known MBA programmes, for example) are challenged by the reluctance of some faculty to travel to China (or return home in some cases!).

Finally, foreign operators are required to allocate a large amount of resources to the delivery and assessment of examination materials. In some cases, local partners have taken pity on poorly performing students, offering them copies of the exam prior to the actual test date. Supervision of exams is another issue, as is restricting student access to the paper following the completion of an exam. Some British organisations, such as the Association of Business Executives (see Case study 6.1), have arranged for exams to be written at and invigilated by the British Council. Australian education providers do not have this option.
4.7.2 Financial returns
Australian institutions certainly do not enter the China education market in order to lose money. However, the complexity of programme implementation, combined with the difficulty of repatriating foreign currency (especially outside the university sector), has made the entry of Australian educational institutions into China very expensive. Most operators interviewed for this study commented that short-term or one-off programmes are very unlikely to deliver a financial return for the foreign institution, while longer-term projects do not always generate profits, particularly when the cost of management resources at home is factored into consideration. Operators such as NMIT that have achieved critical mass (and have moved away from arrangements whereby teachers are flown in for short periods of intensive classes) are starting to see reasonable returns. While no statistics are available on the average return achieved per seat per year, it appears that maximum returns are in the vicinity of Rmb2,500 per student per year (based on estimated income from activities in China, according to annual reports, divided by the number of students in China). As noted by an Australian National University Report, "It is simply not possible to deliver a quality programme offshore and make a profit unless the offshore delivery is of some considerable scale or substantial elements of the costs are excluded from calculations." (Australian National University 2005)

4.7.3 Low, or non-existent profile for the foreign partner
Our research suggests that joint-venture programmes do not have a high profile in China. In our survey of 150 households with children at secondary school age, 76% said they were not aware of any foreign university programmes taught in China, and 90% said they were not aware of any foreign vocational programmes taught in the country.

Our survey of 123 employers showed similar results: 54% said they were not familiar with university twinning programmes, 52% said they were not familiar with foreign-affiliated programmes, 66% said they were not familiar with vocational training programmes offered by foreign operators in China and 47% said they were not familiar with English-language schools operated by foreign providers.

Generally speaking, promotional material issued by Chinese partners does not refer to the foreign partner by name. Typically, the literature will refer to a "leading state-run foreign university" or a leading "government university from Australia". When our researchers visited the campuses of Tsinghua University, Shanghai Jiaotong University, Guangji School, People’s University and smaller universities in Nanjing and Changzhou, there was minimal signage in Chinese listing the association with a foreign partner institution. In focus groups conducted with senior students at well-known universities in Beijing and Shanghai, the students were unaware of foreign links with their own institutions.

Although this promotional style gives the Chinese partner substantial latitude to change partners, it certainly does not help to raise the profile of the foreign institution. As discussed in Section 2: China’s economy and labour market, the lack of integration of international programmes with core academic activities at the host Chinese universities is analogous to the practices of FIEs in processing trade zones, whereby imported components are shipped into the zone for processing and are shipped out again as export items, leaving almost no mark on the domestic consumer economy or supply chains.
4.8 The future of twinning programmes

The MoE remains ambiguous on the development of twinning programmes, and the backlog of programmes awaiting approval is growing. This suggests that policy consultations between the ministry and stakeholders are still in process.

However, educational observers have commented to our interviewers that programmes featuring entirely in-country study (other than highly specialised graduate programmes in high-demand disciplines) seem unsustainable. An exception is programmes featuring high levels of accredited foreign teacher participation in course delivery, which are believed to be preferred by the MoE. A recent ministry directive on joint-venture programmes (jiao wai zong) advised that all programmes should have at least 30% delivery by foreign teachers, in terms of hours and credits (Ministry of Education 2006b).

Educators interviewed suggested that the MoE encourages internalisation by the local partner of the course content and intellectual property delivered by the foreign partner, as well as a gradual reduction of the foreign party’s involvement for most 3+0 (undergraduate in-country) and 2+0 (postgraduate in-country) programmes. According to Australian National University, the ministry’s approval documents “specifically direct the Chinese collaborating institution to fully exploit its access to the offshore institution’s intellectual property” (Australian National University 2005). Such behaviour is reminiscent of earlier phases of China’s economic reform, when insistence on managerial control by the Chinese partner was a hallmark of joint ventures, along with frequent abuses of technology-transfer agreements.

Branch campuses are a special case, and most operators interviewed for this study were excited by the Nottingham model (see Appendix 5). However, it was noted that this project received unprecedented government support from all sides, and it was unlikely this support would be afforded to future branch campuses. One education consultant interviewed suggested that because Ningbo is actually a joint venture, and not a wholly owned section of Nottingham University, he expected the Nottingham side gradually to "die out", leaving a Chinese institution with a Nottingham legacy. However, in early May 2006, Kean University of New Jersey announced that it had entered into a partnership with Wenzhou University in Zhejiang. Under the terms of the agreement, Zhejiang province is funding the construction of a new campus (US$62.5m), with the curriculum and teaching staff to be supplied by Kean.

Twinning programmes featuring a period overseas were perceived by agents interviewed to be sustainable, because such programmes also feature intangible experiential benefits and valuable exposure to foreign cultures. Our survey of parents in 150 households confirmed that these were viewed as desired benefits. When asked why they were considering sending their child abroad for post-secondary education, 69% of respondents chose “to broaden his/her horizons”. The next most common answer chosen was “to improve foreign-language capability” (68%).

Agents suggest that twinning programmes, while slightly reducing the number of students going directly to Australia to study in the near term, would actually grow the total market for overseas study. Their rationale is that twinning programmes raise the profile of international education in China and have a greater impact than foundation courses by ensuring that more students end up studying in the partner institution.
(although we are sceptical of this view, given the apparently low recognition of such programmes in China).

All Chinese educators interviewed agreed that the Australian side must do more to make study in Australia a success for Chinese students, by introducing Chinese students to cross-cultural issues, Australian teaching methods and the expectations of Australian institutions for self-directed learning prior to departure.

**Impact of twinning programmes – An agent’s perspective**

Although enrolments overseas may be affected by twinning programmes, the main drivers for overseas studies will remain:

1. **Quality gap.** Gaps will remain between developed countries and China in terms of quality and equity of education, so the demand for international-standard education will persist.

2. **Global trend towards internationalisation.** The widespread internationalisation of the wider education market will raise overall demand for international education and related services.

3. **Globalisation of the Chinese economy.** China’s continuing integration into the global economy is a consistent trend, providing opportunities for overseas institutions to grow.

(Source: Mr Ma Jianming, Senior Consultant, DongFang International Education Exchange Centre of China Scholarship Council. Translation by TradeBusinessAsia)

**4.8.1 The views of competitor countries**

Based on the plans of various governments to assist their educational institutes in China, a large rise in the number of twinning programmes and other joint-venture arrangements is expected. Such a rise will require policy changes by the Chinese government or changes in the tendency of foreign educational institutions to seek formal joint ventures that depend on government approval (as noted in Section 4.3: current status of twinning programmes, a large number of programmes seem to be unregistered). The majority of governments canvassed, with the exception of Canada and the United States, are setting up or expanding research and advice functions related to the establishment of twinning or other onshore education partnerships. This effort is distinct from promoting their countries as study destinations for Chinese students. To give some idea of the potential growth and likely impact of these marketing drives, they have been summarised on a country-by-country basis in Appendix 7.

**4.9 Summary of key findings**

The long-term outlook for twinning programmes in China is not favourable for foreign educational service providers. Twinning programmes are under closer scrutiny, and the current backlog of applications awaiting MoE approval is indicative of policy review. We believe that this review was prompted by concerns over the quality of twinning programmes, and that it will be followed by a series of consolidations to enforce higher standards.
Focus group discussions generally concluded that operational problems encountered by these programmes would be attributable to the Chinese partner; nevertheless, Australian educators should consider reputational risk. Indeed, the overall perception of such programmes within China is negative in terms of how they compare with programmes at China’s top universities and programmes overseas. Interviews with students planning to study abroad and focus groups with senior students at leading domestic universities suggested that onshore (in China) programmes are viewed as being only for students who cannot gain entrance to top universities, or who cannot afford overseas study. The students also believed that only second-tier (or worse) foreign institutions entered into such arrangements in China.

Students interviewed for this study are aware that twinning programmes exist but exhibit scant knowledge of specific ones. According to our surveys and interviews, both parents and students view such programmes as less desirable that study abroad, although they do see benefits in terms of cost savings. Employers are positive about such programmes in terms of quality. Of 123 employers surveyed for this study, 60% thought that VTE programmes offered by foreign providers in China represented a good training ground for cross-cultural managers (see Section 2: China’s economy and labour market).

Despite aspirational preferences for enrolment in China’s elite universities, parents responding to our survey of 150 households and students taking part in our interviews and focus groups also value the experience of overseas studies. They noted that better preparation of students would enhance the study experience, and allay parents’ concerns on quality, pastoral care, safety and integration with local students. The Chinese government has also expressed concern that students be better prepared prior to leaving China.

The most influential VTE programmes (in terms of linkages with policymakers) are funded through bilateral assistance. Australian TAFEs have a large-scale VTE enrolment from China, but most in-China courses offered by them are pathway courses, which do not fully convey the range of VTE’s vocational advantages. Hence, the TAFE model is under-recognised in China. (Examples of VTE training that is more closely aligned with industry are discussed in Section 5: Alliances.)

Although we expect a policy tightening, interest in the transnational education market in China is intensifying, and the governments of competitor countries are planning to increase support for institutions entering this market.

### 4.10 Outlook for the next 2-5 years

The problems encountered by many Australian partners in twinning programmes will not be easily resolved. Despite best efforts, bilateral technical discussions (including FTA discussions) regarding the repatriation of funds and profitability of these programmes are not likely to yield solutions, as the philosophical underpinnings of each side have little in common. The MoE does not view education as a "for-profit" sector, nor is there any timetable for a sequenced handover of the education sector in China to wholly foreign management and control, similar to the WTO market-opening measures for other commercial sectors. Attitudinal differences are borne out in diverging views on foreign
partnerships, which mirror many of the pre-WTO intractable differences that complicated joint ventures in other commercial sectors (Luo 2002).

Depending on the outcome of a policy review by the Chinese government, and the response of educational institutions to potentially stricter and more costly requirements such as provision of foreign faculty, competition in the transnational education market in China could intensify in the short term.

Although well-run programmes have the potential to encourage a flow of students from China to Australia, the EIU believes that the challenges involved in operating such programmes make it difficult to run them well. Cost and quality issues have already encouraged some programmes to switch to other arrangements such as articulation agreements. Some programmes have eliminated the study abroad element entirely. While this trend could have the potential to affect the flow of students going abroad, we believe that such programmes are not sufficiently attractive (or sustainable over the long run) to have significant impact.

TAFE-style education as it is delivered in Australia (vocational, experiential) is likely to become of greater interest to education policymakers in China, as the gap between academic preparation and the needs of the workforce intensifies.

Programmes offered entirely in China that do not involve a specialised curriculum are likely to be dismantled as local partners gain experience.

4.11 Recommendations

Australian educators are advised to focus on attracting Chinese students for enrolment in Australia. To this end, they should concentrate on better pre-departure preparations for Chinese students, either through pathway or foundation programmes, so that Chinese students will be able to integrate more fully into academic work and campus life in Australia. (For more detailed recommendations, see Section 11.2)
Section 5: Alliances

5.1 Introduction
There are a number of arrangements between Chinese educational institutes and foreign partners for the provision of learning materials, teachers, curriculum development and licensing, campus design and so on that exceed the scope of twinning programmes. At the university level, there are agreements covering staff rotations, research collaboration and student exchange programmes. Some of these alliances complement student flows from China to Australia, while others involve challenges similar to those posed by twinning programmes.

5.2 School-level alliances
At the primary and high school level, there are several examples of licensing and exchange agreements between Australian state departments of education and Chinese institutions. For example, the Huijia School in Beijing (part of the larger Huijia education group, which runs numerous schools in Beijing) draws on the Western Australian primary school curriculum under a licensing arrangement. Huijia School students have an opportunity to go to summer camps in Western Australia or to spend up to 12 weeks in school in the state.

Canadian public and private institutions are also actively pursuing licensing and exchange agreements. The Chinese government has approved the use of five provincial curriculums, from British Columbia, Manitoba, Ontario, New Brunswick and Alberta (Holroyd 2006). There are five British Columbia-certified schools, the most well known of which is probably Dalian Maple Leaf International School in Liaoning province, which has been operating since 1995. It is a joint venture between Canada BVI Holdings and Shijiazhuang Yanshan Textile. Beijing Concord College delivers the senior high school curriculum of New Brunswick to about 900 students. Some of these graduates go on to study with the University of New Brunswick in Saint Johns, taking courses in both China and Canada.

Although statistics are not readily available, it is known that a number of British and Australian schools have established branch campuses in China. This is despite a regulatory regime that is not designed to encourage foreign involvement in this sector—the use of the Chinese national curriculum for compulsory education (nine years) for primary and middle school students is required. It is difficult to structure a foreign curriculum for students under 15 years of age that Chinese nationals can legally study. As a result, the typical approach has been to incorporate some elements of a foreign programme into a domestically approved elementary school programme and then convert students to the GCSE programme, International Baccalaureate programme, or similar programmes when they reach 15 years of age. For example, Dalian Maple Leaf International School, which has more than 3,000 students, offers the Chinese national curriculum to elementary and junior high school students, with minor additions of Canadian content including a comprehensive science course, drama and spoken English offered by native speakers. Students moving into high school study a more
Canadian-focused curriculum. Many students move on to study at Canadian universities.

Schools such as Dalian Maple Leaf International School avoid targeting Chinese nationals per se and recruit only students with foreign passports or those who can obtain a waiver from the local education board (which is usually easily obtained by Chinese families wealthy enough to send their children to such a school).

Clearly, given the restrictions on enrolment, opening a new school is not without risk. Therefore, some schools have come up with strategies to enter the market in stages. In the case of Dulwich College (see Case study 5.1), the school's entry into the China market rested on securing an alliance partner in China that shared the same values and catchments.

Case study 5.1: The Dulwich College alliance with International Montessori School of Beijing

Dulwich College (UK) opened its first school in China in Shanghai in 2003, targeting the international community. When it wished to start a school in Beijing servicing the high school market (in a similar manner to Dulwich Colleges in the United Kingdom and Thailand), it found that given the constraints on attracting students—although gearing for foreign students, Dulwich Colleges also enrol some local students—the school governors could not confidently invest in establishing a suitable premise. The solution was to establish an alliance with a China-based school that ran on similar principles and would provide a stream of students. The school began teaching on the campus of the International Montessori School of Beijing (at Dulwich, students in kindergarten and stage one follow a Montessori programme, before transitioning to the National Curriculum of England and Wales in Year 3). Once Dulwich had built a critical mass of students, it opened Dulwich College Beijing, enrolling over 500 students. The student body was thus built at little or no risk.

The Dulwich site at Beijing Riviera now houses a Kindergarten, the Lower Campus (Years 1 - 3) and the Upper Campus (Years 4 - 9). It will open a new senior school campus in Beijing in 2006 as well as a new facility in Shanghai.

Sources: Interviews; Dulwich College Beijing website.

5.3 Higher education
Foreign universities typically enter into a number of standard forms of alliance with Chinese partners:

- Articulation agreements (covered in Section 4: Twinning programmes).
- Foundation year agreements (covered in Section 6: Pathway and foundations programmes).
- Staff rotation or exchange schemes.
- Student exchange schemes.
- A combination of the above.

35 Extensive information about the school's operations is available on its website: www.mapleleaf.net.cn.
According to data from a 2003 AVCC study on formal links, Australian universities had ties with 427 institutions in China. Of these, 263 links involved faculty exchanges, 132 involved student exchanges, and 115 involved academic and research collaboration (some formal links involved more than one type of exchange or collaborative activity).

In addition, AVCC has an agreement with CEAIE that involves co-operation in information sharing, staff and student exchanges, mutual recognition of qualifications, staff development, researcher exchange programmes, and university management. The CEAIE website lists the following current projects with Australia:

- China-Australia University Administrators
- Shadowing Project
- China-Australia Higher Education Forum
- Sino-Australia Kids on Keyboard Project

CEAIE, a non-profit organisation, also has agreements with North America (largely Canada), the UK, Austria, Germany and Ireland.

Staff rotation schemes can raise the profile of Australian education in China. In focus groups with senior university students conducted in Beijing and Shanghai for this project, it was suggested that open lectures given to all students by Australian teaching staff on exchange in China would help to raise the profile of Australia. Students in two out of the three focus groups reported that visiting professors were a good source of information regarding overseas study (see Appendix 3). Our survey of 150 households also suggests that faculty can play a role in reassuring Chinese parents of the quality of a foreign institution. When asked how important various types of information were in their research on specific institutions, 88% of respondents said that the qualifications of faculty were of great or critical importance. This, together with an institution’s standing in international host country rankings, was the most important information, according to parents.

Australian universities have also developed partnerships in research that have increased student recruitment as a result. Strategic alliances with industry umbrella organisations could be used to attract students. (For more detail on these types of alliances, see Section 9: Marketing.)

### Case study 5.2: Hong Kong’s recruitment efforts

The pathway for mainland students wishing to study in Hong Kong is increasingly easy to navigate. A number of Hong Kong universities are now listed as choices that mainland students can select when they sit for their gao kao university entrance exams. According to a recent press report, Hong Kong has raised the quota for non-local students from 4% to 10% (in 2005) and students from mainland China now make up over 90% of non-local undergraduates and post-graduates at The Chinese University of Hong Kong and City University of Hong Kong, and 89% at The Hong Kong Polytechnic University (Zou 2006). At the University of Hong Kong, 54% of non-local undergraduate enrolment comes from China; the figure for non-local postgraduates is 76%. An exception is the University of Hong Kong, which does its own recruiting and tests for English-language skills. According to the press report, the University of Hong Kong received 10,000 applications this year for undergraduate study, up from 4,848 last year (Xinhua 2006k).
5.4 Alliances in vocational education and training

China’s MoE is committed to expanding the capacity of vocational education to meet more adequately the needs of employment. To this end, the government has encouraged an increase in the level of international co-operation in vocational training and education projects (Ministry of Education 2005b) and has participated in a range of different pilot models for vocational training.

5.4.1 Australia

In addition to twinning programmes, the Australian VTE industry has been making strides in building alliances. At the forefront are TAFE institutes such as Northern Melbourne Institute of TAFE (NMIT) and Royal Melbourne Institute of Technology (RMIT) University. In a report to the Council of NMIT on the 2004 academic year, the Council president, William Freeman, stated that over 90 teachers from NMIT had “travelled to various provinces in China and 11 new partnership agreements were finalised with programme delivery expected to commence in 2005” (Freeman 2005). Mr Freeman then went on to mention that “the number of full-time students in China has now exceeded the total number of full-time students studying at NMIT campuses in Australia” (Freeman 2005).

In addition to co-operating in the AusAid-funded project in Chongqing, launched in 1999 to help reform China’s VTE model, RMIT runs VTE projects throughout China from its operations centre in Wuhan. The Chongqing project is aimed at testing VTE reforms within pilot technical institutions, developing industry’s contribution to VTE policy and practice, and improving VTE teacher training and performance measurement. The overall aim is to help the MoE in Beijing evolve models for reform that can be implemented across China. The five industries targeted are business services, hospitality and tourism, automotive, construction and electronics (McCawley et al. 2001).

5.4.2 European Union

There is a long history of co-operation between the European Union (EU) and China on higher-education projects (Huang 2003). One active agency in this area is the EuropeAid-funded Asia-Link Programme. The Asia-Link Programme was established “to promote regional and multilateral networking between higher-education institutions in EU member states and South Asia, South-east Asia and China”, and the programme “aims to promote the creation of new partnerships and new sustainable links between European and Asian higher education institutions, and to reinforce existing partnerships” (EuropeAid 2006). The 25 members of the EU and 19 Asian countries are eligible to participate.

The EuropeAid Co-operation Office publishes a list of 155 co-operation projects active (or in the planning stages) for China. Most of the projects are related to materials and curriculum design. Although co-operation is largely at the university level, the output from these co-operative projects will address skills gaps for both vocational training and traditional higher education programmes.
<table>
<thead>
<tr>
<th>Project Title</th>
<th>Main location</th>
<th>Partners</th>
<th>Duration</th>
<th>Budget (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge transfer on ship design, production and operation—towards safety, efficiency and low environment impact</td>
<td>Glasgow, United Kingdom, Athens, Greece, Harbin, China, Bangkok, Thailand</td>
<td>University of Strathclyde, Glasgow, Department of Naval Architecture and Marine Engineering in SU, Harbin Engineering University, Harbin, China, Kasetsart University, Bangkok, Thailand</td>
<td>01/04-01/07</td>
<td>417,000 (EC Contribution: 300,000)</td>
</tr>
<tr>
<td>Innovation by university vocational training—Curriculum development for competence promotion in building automation ('uni-komnet')</td>
<td>Tianjin City, China, Rostock, Mecklenburg-Western Pomerania, Eindhoven, The Netherlands</td>
<td>University Rostock, Germany, Tianjin-University, China, Fontys University Eindhoven, The Netherlands</td>
<td>01/05-12/07</td>
<td>401,355 (EC Contribution: 299,889)</td>
</tr>
<tr>
<td>A multidisciplinary approach to curriculum development in sustainable environment</td>
<td>Hunan, China, North Jutland, Denmark, Middlesex, UK, Delhi, India</td>
<td>Hunan University, China, Aalborg University, Denmark, Brunel University, UK, Bharati Vidyapeeth’s Deemed University, India</td>
<td>01/05-12/07</td>
<td>399,000 (EC Contribution: 298,000)</td>
</tr>
<tr>
<td>Center for Sino-European sustainable building design and construction</td>
<td>Cambridge, United Kingdom, Chongqing, China, Aalborg, Denmark, Lisbon, Portugal</td>
<td>University of Cambridge, United Kingdom, Chongqing University, China, Aalborg University, Denmark, Instituto Superior Tecnico-Universidade Tecnica de Lisboa, Portugal</td>
<td>01/05-12/07</td>
<td>350,163 (EC Contribution: 262,622)</td>
</tr>
<tr>
<td>Development of a joint course module in high performance computing and grid computing (CD)</td>
<td>Delft, The Netherlands, Beijing, China, Lisbon, Portugal</td>
<td>Delft University of Technology (DUT), The Netherlands, Faculdade de Ciencias e Tecnologia da Universidade Nova de Lisboa (UNL), Portugal, Graduate School of the Chinese Academy of Sciences (GSCAS), China, China Tsinghua University (TSU)</td>
<td>06/05-05/08</td>
<td>74</td>
</tr>
</tbody>
</table>
Several EU member states also engage China in co-operative projects on a bilateral basis. The main European countries involved in this sector in China are Germany, the UK and the Netherlands.

### 5.4.3 Germany

Germany has a track record of successful collaboration with Chinese providers in delivery of VTE projects in China (China Education and Research Network 2001) (see Section 2: China’s economy and labour market, and Section 4: Twinning programmes). Many of these projects have been spearheaded by government-subsidised groups such as GTZ (Gesellschaft für Technische Zusammenarbeit, or Institute for Technical Co-operation) and the Hanns Siedel Foundation. The majority of projects have been led by the private sector, often in co-operation with the above-mentioned organisations. A German policy think tank document estimated that there are roughly 1,700 German enterprises with about 2,700 branches operating in China, two-thirds of which are production facilities (Blume 2005).

China has long shown interest in the German “dual-system” (China Education and Research Network 2001) that combines didactic knowledge gained through lectures at state-run vocational schools and practical hands-on know-how acquired through an apprenticeship system in which companies agree to train inexperienced workers on the job, despite the likelihood that those same workers might very well seek employment from competing companies after graduation. The degree to which German industry has been willing to invest in training “for the good of society” is often cited as a primary source of strength for the German “dual-system” (Misko et al. 2005).
Case study 5.3: GTZ

GTZ is supported by the German Federal Ministry for Economic Co-operation and Development (BMZ), and has partnered with China on VTE projects since 1982. The majority of GTZ-led projects are directed towards vocational education and poverty reduction. GTZ currently manages 65 projects and programmes in China, targeting three key areas:

- Environmental projection
- Resource conservation and poverty reduction
- Economic reform

GTZ supports efforts of private-sector partners through its public-private partnership (PPP) programmes.

Training of vocational education instructors at Tongji University

GTZ and Tongji University, Shanghai, have co-established a training institute with the support of the German government to provide technical education and vocational training for teachers and instructors. Training focuses on three fields:

- Construction technology
- Electrical engineering
- Mechanical engineering

Courses are tailored to the specific requirements of professional and vocational schools and are taught by German instructors. Top local teachers from China are given the opportunity for post-graduate studies in Germany. New concepts and strategies for reforms in the area of vocational and technical teachers’ education, as well as policy advice to educational and governmental institutions, are offered.

| TABLE 5.2 GTZ vocational education projects in China |
| Economic reform and development of the market system |
| - Co-operation with China Training Centre for Senior Personnel Management Officials (CTCSPMO) |
| - Training of vocational education instructors at Tongji University |
| - Sino-German Printing Technique Training Centre in Hefei (SGPTTC) |
| - Further training of Chinese railway executives and experts |
| - Reintegration of unemployed women into the labour force |
| - Basic and further training for vocational school directors |
| - Programme of vocational training and education, Jiangxi |
| - Rural vocational training and employment in the Western Region |
| - EU-China project for basic education in Gansu |

| Environmental protection and energy management |
| - Rural infrastructure and vocational training in Tibet |
| - Research and training centre for wind energy |

| Resource conservation and poverty reduction |
| - Basic and further training in the forestry sector |

76
Interviews with education providers suggested a high success rate for the German government-supported PPP projects, including projects involving private German enterprises and Chinese vocational schools. According to the scope of PPP projects, existing vocational schools may add additional “experimental” courses using German curricula or a new school may be jointly created.

Vocational education co-operation projects are often initiated at the request of a German company that faces serious skills shortages and seeks co-operation in raising the calibre of the applicants. The degree to which the courses can be tailored to meet the exact specifications of the investing partner, coupled with the substantial experience and knowledge base of government-sponsored groups such as GTZ, usually lead to a high degree of satisfaction. Although such ventures are not without challenges, success stories abound (see Case study 5.4).

Case study 5.4: Allianz China Life and the Shanghai Electronic Information Polytechnic

Allianz China Life (formerly Allianz-Dazhong Life Insurance), a joint venture between German financial services conglomerate Allianz and CITIC Trust & Investment of China, was the first European life insurance company to be granted approval to operate in China in 1999. Facing a lack of qualified staff, Allianz worked closely with the Hanns Siedel Foundation to establish the VITAL Programme at the Shanghai Electronic Information Polytechnic. VITAL, which stands for Vocational Insurance Training of Allianz, is based on German vocational education standards designed to link practical training with theoretical knowledge. Trainees in the programme are high school graduates chosen based on results in oral and written tests. Graduates from the three-year programme are awarded a Vocational School Certificate, an Insurance Agent’s Qualification and a Professional Certificate issued by the German chamber of commerce (IHK). They also have the opportunity to be offered a position in Allianz China Life.

Source: Allianz China Life website.

5.4.4 The United Kingdom

The UK is very involved in vocational education in China, leveraging the substantial weight of the British Council to make inroads on behalf of British colleges and companies. Co-operation agreements usually involve governmental, private industry and educational institutions. According to interviews with the British Council in Beijing, the UK’s strategy for success in China is to be familiar with Chinese rules and regulations and to align their programmes as much as possible with vocational training needs.

It has been a bumpy road to success. The director of training and education for the British Council in China, Nicole de Lalouviere, outlined some of the challenges facing entrants into the Chinese VTE market. Obstacles to be overcome included having to cooperate with no less than six Chinese ministries that have a voice in VTE policy, the lack of assessment standards, the reluctance of most institutions to create assessment-based testing, the unwillingness of the Chinese government to recognise world-class standards (such as that of the Scottish Qualification Authority), and a lack of understanding on the part of employers of the role they play in the education of China’s workforce.
Ms de Lalouviere was also quick to point to some outstanding successes, such as a project in Hubei to introduce British vocational standards, a similar project in Liaoning, and a joint-venture project with the Construction Commission of Chongqing, the Chartered Institute of Building, Chongqing University and the Chongqing Construction Industry Association to introduce competence-based assessment for construction companies in Chongqing.

The British Council brings some decided advantages with its ability to match the needs of local employers and local vocational schools with British suppliers. Ms de Lalouviere says that VTE has a long way to go to match the success of higher educational institutions in tapping demand in China, and successful efforts are increasingly mirroring the German model of industry-led vocational training initiatives.

5.4.5 The Netherlands

The Netherlands is very active in international education. The VCA—Veiligheids Checklist Aannemers, or Contractor’s Safety Checklist—developed in the Netherlands is increasingly being adopted throughout Europe by petrochemical industries (Op De Beeck 2005). The Netherlands has been operating in China under the auspices of EU-sponsored programmes, but is now making forays into the Chinese VTE market (see Case study 5.5) through government grants and the co-operation of a major standards and competencies organisation.

Case study 5.5: VAPRO-OVP and Shanghai Information Technology College (SITC)

VAPRO-OVP and a fellow Dutch company, Akzo Nobel Safety Services, recently started a joint-venture project with the SITC to focus on quality, safety and environmental topics for the chemical industry. The pilot project provides safety training to 180 chemical equipment operators. The programme was designed to address concerns of industrial giants such as BASF and Akzo Nobel as well as those of local Chinese companies. It is recognised that the current skills and knowledge of Chinese chemical operators are not up to west European levels. VAPRO-OVP is fully subsidised by a grant from the Dutch Ministry of Economic Affairs.

Chinese trainers from SITC, as well as from selected local companies, are currently undergoing intensive safety training in the Netherlands. Upon completion of the programme, they will receive certification from VAPRO-OVP that is officially recognised by the Netherlands. As part of their training, they will experience the Dutch work environment firsthand, preparing themselves to teach safety to chemical operators in China. According to Sjaak Mens, VAPRO-OVP general manager: “At the moment, all of our materials are in the Dutch language, which we are translating into English for the programme. Our next step is to translate the materials into Chinese. The last stage is to then localise the content for China.” Mr Mens adds that localisation is critical in China. “The attitude of Chinese people towards safety is very different”, he says. “Many people pay very little attention to safety.”

The next steps include setting up a wholly foreign-owned enterprise in China. “We’ve been very fortunate to receive legal help from BWC [a large Dutch accountancy firm]”, says Mr Mens: “They are conducting a SWOT [Strengths, Weaknesses, Opportunities, Threats] analysis in the field of risk assessment, especially the financial risk of the
5.5 Challenges for the VTE sector

Despite over two decades of significant reform of vocational training in China, there remain opportunities for improvement, especially in the areas of industry buy-in and co-operation (Liu 2003). Incentive programmes are in place, yet few local employers are eager to get involved without a direct incentive, such as an identified training gap with an immediate need for a solution. The “order-driven” training model allows potential employers to dictate specific needs to vocational training institutes as a prerequisite for their co-operation.

One theme that has emerged from interviews with stakeholders from all sides in China is that the thirst for superior techniques and expertise from reputable international companies and organisations has provided the impetus for international co-operation in VTE projects. Chinese companies are increasingly willing to invest in such programmes in the form of facilities, HR and funds, yet training is still insufficient to meet the demands. Yufeng Liu from the Central Institute for Vocational and Technical Education suggests that “1.5% of total wages should be used for staff training, and for some enterprises which undertake heavy training tasks, and which require high skills for staff, this percentage could be up to 2.5%” (Liu 2003).

Among VTE operators in China, there is a feeling that the Chinese government encourages local partners to enter into short-term arrangements aimed solely at gathering expertise. Projects initiated over a limited time frame serve this purpose admirably. For those with long-term ambitions for China, incentives to encourage long-term co-operation must be thoroughly considered.

5.6 Summary of main findings

There is a wide range of academic linkages and alliances between Chinese educational institutes and foreign counterparts. These include government-sponsored exchanges as well as private initiatives.

China’s MoE is committed to expanding the capacity of vocational education to meet more adequately the needs of employment. To this end, the government has encouraged an increase in the level of international co-operation in VTE projects (Ministry of Education 2005) and has participated in a range of different pilot models for vocational training.

Many programmes in the VTE sector are subsidised by development assistance funds or through industry. German and British operators have provided many examples of successful (albeit subsidised) partnerships, and AusAid has been active as well. To date, this market has lagged in terms of commercial opportunity for foreign operators.

Staff rotation schemes can raise the profile of Australian education in China. In focus groups with senior university students conducted in Beijing and Shanghai, it was
suggested that open lectures given to all students by Australian teaching staff on exchange in China would help to raise the profile of Australia. Students in two out of the three focus groups reported that visiting professors were a good source of information regarding overseas study. Our survey of 150 households also suggests that faculty can play a role in reassuring Chinese parents of the quality of a foreign institution.

5.7 Outlook for the next 2-5 years
As China receives more attention on the global stage and the international education market continues to expand, the number of educational bodies and institutions seeking alliances is likely to increase.

The involvement of industry in the VTE sector would enhance the commercial opportunities for foreign operators, as well as the suitability of training for job market requirements.

5.8 Recommendations
Australian education officials and providers should encourage more faculty exchanges to facilitate co-operation on research projects and to bring greater awareness of Australian institutions.

VTE providers should work with policymakers to encourage industry’s participation in the sector, thereby creating greater opportunities for practical training.

Foreign operators should ensure that incentives for long-term co-operation, such as the selection of curricula that will require frequent updating, are in place.
Section 6: Pathway and foundation programmes

6.1 Pathway programmes

6.1.1 Terminology

Pathway programmes form a progression track to university study while providing a certificate or diploma in their own right. A major distinction between pathway programmes and foundation programmes is that the former make no distinction as to where the next step will be delivered. Pathway programmes usually comprise a certificate followed by a diploma, leading to an advanced diploma or degree. For the purposes of this section, agreements that do not provide a diploma, such as the Tsinghua-Adelaide agreement, are not considered to be pathway programmes.

6.1.2 Drivers of demand for pathway programmes

The desire to study overseas is one obvious driver of demand for pathway studies. Another is the desire of adult learners for a faster route to post-secondary qualifications. In China, students who did not undertake tertiary study directly upon graduating from high school face restrictions when seeking to resume their studies. Mature students seeking to obtain a bachelor's degree need to obtain an advanced diploma before entry will be granted to an undergraduate programme. To obtain this diploma, the student will have to spend three to four years studying an adult learning curriculum called chengrengaokao. Upon completion of the diploma, the student will then have to complete a further three to four years as an undergraduate to obtain a bachelor's degree. The entire process can take up to eight years in total.

In contrast, pathway programmes provide a faster route to obtaining a degree—some joint-venture bachelor's degrees can be obtained in as little as three years (when tuition is delivered in intensive block mode to adult learners), making such programmes very attractive to adult learners. Many students enrolling in these programmes are primarily seeking self-improvement opportunities within China, rather than pursuing an education overseas.

The success of pathway programmes in China can be attributed to various aspects of the current employment environment, as employers use degrees and other qualifications to filter applicants. Pathway programme diplomas can lead to foreign degrees earned entirely within China (see Case study 6.1). Thus students can achieve exposure to English and obtain the all-important academic qualifications for career advancement purposes without setting foot outside of China.

Our interviews with six students enrolled in the Association of Business Executives (ABE) pathway programme (see Case study 6.1) yielded a number of insights. As well as appreciating the quicker route to a diploma, students enjoyed the presence of foreign teachers in their courses and the exposure to foreign teaching methods and ways of thinking. It was reassuring to know that it was possible to progress to further study at overseas universities, but most students saw this as merely an option to consider, rather than the ultimate goal of attending such programmes. As discussed above, such diplomas are seen as a helpful qualification in the job market. This helps to explain why
articulation rates to overseas study from pathway programmes rarely exceed 30%,
according to interviews with Australian providers and Chinese institutions.

Professional bodies around the world are also considering pathway programmes. British
organisations like the Financial Training Company are already present in China. Its
programmes have options leading to tertiary qualifications. Likewise, bodies such as the
American Society of Mechanical Engineers are actively exploring the market (Geffen &
Cui 2005).

China itself is likely to become involved in establishing pathways to study in China. For a
number of years Tsinghua University accepted students from certain Malaysian diploma
courses. These students could obtain Tsinghua degrees following a further two years of
study in China at Tsinghua in Beijing. This programme was originally developed in
response to racially discriminatory university entrance policies in place at the time in
Malaysia.

As China intensifies its efforts to expand and improve the domestic education system
(see Section 1: China in the context of the global education market), it is expected that
more such links will be formed or revived.

6.1.3 Modes of delivery: pathway programmes
In the case of pathway programmes, there are many slight variations in terms of
delivery. The two main modes are:

- A vocational provider from a foreign country delivers in conjunction with a
  Chinese educational institution, using a combination of Western and Chinese
teachers.

- A curriculum developed by a foreign school or association is delivered by a
  private college or training company using Chinese staff or Chinese who have
  returned from overseas.

The majority of Australian pathway providers in China have been TAFE colleges, with
Victorian colleges being the most aggressive in this area. Some private hospitality
colleges have also been active in the Chinese market with diploma courses that lead to
further qualifications. Australian TAFE colleges have benefited from their strong links to
universities and government in Australia, which have helped them to build business by
providing pathway programmes and industry-linked vocational education.

Australian providers have tended to enter arrangements that are primarily aimed at
students already studying at vocational schools. In contrast, British providers (such as
ABE; see Case study 6.1) have been targeting the market of adult learners who are
seeking professional qualifications.

Case study 6.1: ABE, United Kingdom

ABE, a UK organisation, aims to provide British education in a cost-effective way without
compromising quality. The basic mode of operation is to lease curricula to overseas
institutions or private training providers and audit delivery from time to time, as in a
licensing arrangement. Private providers use English materials to deliver the ABE course
modules. The modules count towards diplomas as a stand-alone qualification, or are part of a structured path towards UK professional qualifications or university degrees. Bilingual instructors that have attained certain qualifications specified by ABE teach the modules, and the local partner recruits students. Examinations are taken at the British Council’s offices.

The ABE has four partners in Beijing. These schools offer tuition in block mode on weekends, and the primary market is executive education. Students may elect not to attend classes, but rather to study independently and take the relevant exams at six-month intervals. Upon completion of the Advanced Diploma, students can elect to study overseas at one of the partner universities, or they may study onshore in China for one of the British bachelor’s programmes offered through the private partner. ABE has 11 accredited colleges across China teaching business administration and travel, tourism, and hospitality courses.

Sources: Student interviews; ABE.

---

**Case study 6.2: NMIT in China**

NMIT provides vocational training-level qualifications through partnerships with universities and colleges in China. In addition to this involvement, NMIT is a partner in the International English Network (IEN) consortium, which provides additional English training to students.

NMIT provides tuition at 21 locations in China, giving it an impressive presence in the market. Indeed, the number of full-time students in Chinese NMIT courses exceeded the number of students studying at NMIT in Australia in 2004 (NMIT 2004).

Australian teachers lecture in English in 30% of NMIT classes in China. The remainder of classes are taught using Australian materials and local teaching staff.

One of the advantages of studying in NMIT courses is that NMIT Advanced Diplomas provide a pathway to study in Australia at the university level. A range of universities accept NMIT graduates, and arrangements have been made with LaTrobe University and Flinders University to accept Chinese students under certain conditions, with others going on to the University of Tasmania and Macquarie University.

NMIT in China have already provided some financial return and international exposure for the institution. Approximately 10% of NMIT’s Chinese students ultimately study in Australia.

NMIT’s Dalian Jiaotong joint venture gives the option of articulating to the Malaysian campuses of Monash and LaTrobe universities. The low cost of this option is emphasised. At present, the majority of students from the NMIT courses in northern China who study overseas go on to Flinders University.

Sources: Interviews with Chinese partners, NMIT; NMIT 2005.
6.1.4 Onward transfers to Australia from pathway programmes
At present, Australian providers and Chinese institutions report that between 10% and 30% of students enrolled in pathway programmes are going on to further study in Australia or other countries. According to our interviews, the main reason that the remaining 70-90% of the pathway enrolees did not go on to overseas study is cost. Another significant barrier is English competency, and Australian education providers interviewed felt that an expanded English-training component in these courses would make it possible for larger numbers of graduates from these schools to study in Australia.

6.1.5 Viability of pathway programmes
The largest Australian pathway programme operators (NMIT, Southbank Institute of Technology) have achieved critical mass in terms of scale and have achieved a reasonable return as a result (according to calculations made based on information in the institutes’ annual reports). Although no statistics are available on the average return achieved per seat per year, it appears that maximum returns are approximately Rmb2,500 per student per year (estimated income from activities in China divided by the number of students in China). For other operators, however, the lack of reasonable returns has prompted Australian providers to change their instruction models (for example, disbanding courses that depended on flying teachers from Australia to China for short-term teaching assignments).

6.2 Foundation programmes

6.2.1 Terminology
Foundation programmes are specifically designed to prepare students for university study, usually at a specified institution. These programmes typically provide students with only a graduation certificate, rather than a diploma. The foundation programme is accepted as equivalent to, or in place of, the conventional university entry channel in the host country (which is usually matriculation from high school in the host country). Most programmes provide a means to raise competency in English expression. As is the case with other transnational education programmes, there are grey areas in terms of definition. Some pure language programmes are referred to incorrectly as foundation programmes, while some foundation programmes do provide credits towards university study and others are part of articulation agreements at the master’s degree level, thereby resembling pathways.

6.2.2 Drivers of demand for foundation programmes
Foundation year programmes are exerting more appeal in China for a number of reasons. Interviews with Chinese educators have shown that schools and programmes have been set up in China to cater to increased numbers of Chinese students who would like to study abroad but find that exams such as TOEFL and IELTS are too difficult. These schools coach students to pass the IELTS or TOEFL tests.
In a survey of 87 students in Shenyang\textsuperscript{36} conducted for New Zealand educators, 86% of the respondents said that they would be willing to attend the foundation programme of an overseas university if it were available in their home city. This research suggests that the primary motivation for attending a foundation course is still the goal of pursuing overseas study. According to the survey, 61% of respondents said they would choose a foundation course in order to continue their study overseas. However, 41% said they would do so to improve their language and find a good job. The establishment of foundation programmes in China has encouraged some Australian operators, such as Monash, Insearch, UNSW and IEN, to move into the market.

6.2.3 Modes of delivery: foundation programmes

There are three types of foundation programmes offered in China. The first type is operated by an overseas partner in conjunction with a Chinese university and is based within a sub-school of the main university. Chinese teachers teach the majority of classes, with instruction in English. The second type is centred on a commercial party—usually affiliated with an education agent—that has directly negotiated articulation agreements based on students achieving certain benchmarks and IELTS scores. The third case is similar to the second, but involves an enterprising university establishing the course and negotiating articulation directly with foreign universities.

<table>
<thead>
<tr>
<th>Case study 6.3: Foundation Year, Tsinghua University Centre for Overseas Academic and Cultural Exchanges (COACE)</th>
</tr>
</thead>
</table>
| This foundation programme is part of COACE's study overseas programme, which now recruits more than 300 students each year. In 2005, 350 students were selected (from 500 applications) for direct access to five overseas universities: SOAS-University of London (UK), Oxford Brookes University (UK), University of Massachusetts—Boston (US), Simon Fraser University (SFU bridge programme, which allows students to go straight into other Canadian universities) (Canada), and University of Adelaide (Australia).

The foundation programme to the University of Adelaide enrolled 80 students in 2005, making it the largest cohort among the five university streams. In 2004, 35 students successfully went to Australia to study, which was 90% of the total number in the Australia stream, according to COACE. The programme covers engineering or business/economic information management courses.

The programme is operated inside Tsinghua campus and recruits aggressively under the name of Tsinghua University. Students must study and live on campus full-time. The recruitment is mainly from current senior secondary school second-year students or fresh graduates. The entry requirements are IELTS 4.5 or equivalent (students who do not have an IELTS score are required to take an English test for admission), and an average high school exam score of at least 75%.

The one-year programme is divided into two terms. The first term is mainly English-intensive training, IELTS preparation and academic English (by the end of the programme students must achieve IELTS 6.0). Students take mid-term language tests, and if test results are equivalent to IELTS 5.0, students can continue studying the

---

\textsuperscript{36} An MBA student, Li Li, conducted this survey in 2004 to evaluate the prospects of New Zealand establishing foundation programmes in China.
second-term university preparation courses, which are engineering direction courses (Academic English 2, Math 1, Math 2, Physics) and business/economic information management direction courses (Academic English 2, Math 1, Economics, Accounting).

If students do not achieve IELTS 6.0 by the end of the programme, they can extend their study until they pass the requirement.

Students will receive a graduation diploma under the name of Tsinghua University upon successful completion of the programme. COACE organises group visa applications to Australia for graduating students.

The official position of Tsinghua University is that Adelaide was selected because it is of a similar rank to Tsinghua. In our interview, the Tsinghua representative described Adelaide as being ranked third among the Group of Eight. Apart from its academic reputation, other factors favoured Adelaide: it is located in South Australia, giving graduates who apply to emigrate added points in the immigrant grading system, an advantage over Sydney. The representative repeated in two interviews that the University of Adelaide is one of the best universities in Australia, and has good rankings in many areas (although he could not name any official ranking source when asked). He added that since Adelaide has fewer Chinese students and residents, it offers a better environment than Sydney for improving English. It is also possible for students to transfer to other universities in Australia from the University of Adelaide.

Source: Interviews with Tsinghua.

6.2.4 Foundations for high school

The Queensland government has been party to a variety of innovative course delivery structures in China, most notably the pioneering Year 10 programme at Shandong, Shanghai, Jiangsu and Xi’an in China (Western Australian Technology and Industry Advisory Council 2000, Education Queensland International 2005a). Students are taught by Queensland-qualified teachers (or equivalent) in an intensive programme that focuses on raising English-language levels in four key areas: English, Mathematics, Science and SOSE (Australian and Business Studies). The aim is to make the transition into the Australian education system easier for Chinese students. It could also provide the Queensland education system with up to six years of income from each student—successful students are eligible to finish their high school years in Queensland. The Queensland government's education system directly supports another innovative structure for foundation programmes: the Unilearn model (see Case study 6.4). The key benefits of this model are trained teachers, a solid relationship with a recruiting firm and a raised profile for the state concerned.

Case study 6.4: Education Queensland International: The Unilearn programme

The Unilearn Foundation programme is a one-year pre-university academic programme offered in China under a long-term co-operation agreement between Queensland’s Department of Education (EQI) and Beijing OZ Enrolment Centre of International Education, an education agent. The programme, delivered at campuses in Beijing and Nanjing as an initiative of EQI, is supervised by EQI on a continuous basis. This is a unique programme in that it is government-to-agent in nature.
All teachers in the programme are professional teachers from Australia, licensed by the Australian government. EQI provides pre-departure training for all teachers before they leave for China. It uses high school teachers rather than university lecturers.

The programme recruits mainly high school students and graduates. They do not require an IELTS or TOEFL score to enter the programme—an intensive language-training course is given to students prior to the start of the foundation course subjects. The Unilearn programme specifically prepares Chinese students for direct entry to first-year undergraduate-level studies in an Australian university. The focus of teaching is on language communication capabilities relevant to tertiary study, commercial subjects and mathematics.

The programme is linked with 25 Australian universities (eight of which are from Queensland).

The programme uses the following as selling points in its promotional material: official supervision, initial development, direct management, and overall supervision by the Queensland government; a strong faculty; an academic bridge function (graduates go directly into first-year study at an Australian university); variety of choice (the programme is recognized by 25 Australian universities); appropriateness of courses; and flexible enrolment dates (every January, March, July or October, with rolling enrolments annually).

Source: Queensland Government website.

6.2.5 The impact of foundation programmes on high school enrolments

Opinion on the impact of foundation programmes on the enrolment of Chinese students in Australian high schools is varied. Four out of six agents interviewed said that foundation year programmes offered in China do not have a noticeable impact on enrolments in Australia, but it was felt that students in these programmes might otherwise have gone through agents to foundation programmes in Australia. Agents felt there were many other reasons to attend high school in Australia.

In our survey of 150 households, 60% of respondents said that they either plan to send their child abroad for secondary school education (32%) or are still considering doing so (28%). The reasons for doing so included helping children to improve their English (cited by 75% of respondents), a perception that the education environment abroad is more relaxed (68%) and a perception that it would be good preparation for higher education abroad. Those parents who said that they were not considering an overseas secondary school education for their child cited the high quality of education in China as the main reason (46%), followed by concerns about a lack of parental supervision (44%) and the young age of the children concerned (37%).

Agents interviewed for this study suggested that the fall in the number of students attending high school in Australia was due to the fact that good private schools in Australia are difficult to gain admission to and that there is limited control over where foreign students will be sent within state systems. In our survey of 15 leading agents (see Appendix 1), eight of the agents cited increased or high costs as the main reason
for the decline in response to an open-ended question on the subject. Six of the agents suggested that language requirements were a major reason for the decline and the same number pointed to the concerns of parents for the safety of their children. Only one agent suggested the availability of foundation programmes in China as a reason for the decline. Agents suggested that Australia limit the number of high schools available to foreign students and monitor these more closely, while at the same time preparing introductory promotional documents that would give parents more information on issues such as pastoral care.

One leading agent questioned the rationale behind studying overseas at the high school level now that it has become apparent that there is no competitive advantage that can justify the costs involved. Choices made by parents to send high school children abroad in the late 1990s and into 2003 were not based on any evidence of improved prospects for gaining university acceptance or jobs, but rather on a feeling that this might be the case (Stafford 2004).

Confusion about the IELTS requirement in the visa regime was also considered detrimental—agents interviewed understood that there is an IELTS requirement for high school students and that the Australian government has only temporarily waived this requirement. The majority of competitor nations do not have this requirement.

6.2.6 Effectiveness of foundation programmes

Two Chinese partners in foundation programmes who were interviewed for this study reported that significant numbers of students could not meet the requirements to enter “name” Australian universities. In such cases, the students have either stayed in China or gone on to study at other institutions, sometimes not even in Australia. To maintain their attractiveness to students, these partners are seeking to offer foundation programmes that provide the opportunity to enter several institutions.

6.2.7 Government position on foundation programmes

Although there have been no specific directives on foundation studies in recent times, the feeling among local educators is that the Ministry of Education is generally supportive of foundation programmes conducted in China (as opposed to those conducted overseas). Both a Chinese university official and a leading agent expressed support for increased levels of pastoral care and more pre-departure preparation. This concurs with previous AEI bulletins (AEI 2005). In the Second Australia-China Joint Working Group on Education and Training cooperation meeting, the Chinese side cited some examples of Canadian pre-college schools and pre-embarkation training (DEST 2005). These statements concur with the findings of our survey of 150 households in which safety was a major concern of parents considering overseas education for their children (see Section 9: Marketing).

6.3 Summary of key findings

6.3.1 Pathway programmes

The desire to study overseas is one obvious driver of demand for pathway programmes. Another is the desire of adult learners for a faster route to post-secondary qualifications. In China, students who did not undertake tertiary study directly after graduation from
high school face a number of time-consuming hurdles before they can obtain an undergraduate degree.

Australian providers have tended to enter arrangements that are primarily aimed at students already studying at vocational schools. In contrast, British providers (such as ABE; see Case study 6.1) have been targeting the market of adult learners who are seeking professional qualifications.

At present, Australian providers and Chinese institutions are reporting that between 10% and 30% of students enrolled in pathway programmes are going on to further study in Australia or other countries. According to our interviewees, the main reason that the remaining pathway enrollees have not gone on to overseas study is the high cost. Another significant barrier is English competency.

Australian providers have recognised the advantages of offering lower cost options to enrollees of pathway programmes. NMIT’s Dalian Jiaotong joint venture gives the option of articulating to the Malaysian campuses of Monash University and LaTrobe University. Marketing materials emphasise the lower cost aspect of this option.

While some Australian operators have achieved scale in China, margins appear to remain low.

### 6.3.2 Foundation programmes

These programmes cater for increased numbers of Chinese students who would like to study abroad but find exams such as TOEFL/IELTS too difficult. However, at least one study has suggested that some students enter such programmes merely to improve their language skills and to help them gain employment.

Foundation programmes are not seen as having a serious negative impact on the number of Chinese attending high school in Australia. Agents interviewed for this study suggested that the fall in the number of high school students is because good private schools in Australia are difficult to get into and there is limited control over where foreign students will be sent within state systems. In our survey of 15 leading agents (see Appendix 1), eight of the agents, in response to an open-ended question on the subject, cited increased/high costs as the main reason for the decline. Six of the agents suggested that language requirements were a major reason for the fall and the same number pointed to the concerns of parents over the safety of their children.

The unpredictable IELTS requirement in the visa regime was also considered detrimental (agents interviewed understood that there is an IELTS requirement for high school students and that the Australian government has only temporarily waived this requirement). The majority of competitor nations do not have this requirement.

Although no hard data could be located, according to two Chinese partners in foundation programmes who were interviewed for this study, the success rate of students going on from foundation programmes in China to gain entry to “name” universities overseas is not high and many go on to study at other institutions, sometimes not even in the country they had intended for study. Hence, local partners are seeking to offer foundation programmes that provide the opportunity to enter several institutions.
This suggested lack of success of programmes in China stands in stark contrast to the results of foundation programmes offered in Australia. Though we were unable to locate data on the success rate of students going from foundation programmes into university programmes, at least one study has shown that such students do perform well once they enter university. In the experience of the University of New South Wales, foundation year graduates outperformed both local students and international students entering Australian universities directly when measured by the percentage of total attempted courses successfully completed in minimum time, or "student progress rate" (Alexander 2003). The same study concluded that the growth of such courses offered in Australia is limited by the number of places available in high-demand courses at established universities and the fact that most universities have established a desirable percentage of international students they hope to have in any one course. The study also predicted future growth in offshore delivery of ELICOS, foundation and other pathway programmes.

Although there have been no specific directives on foundation studies in recent times, the feeling among local educators is that the MoE is generally supportive of foundation programmes conducted in China (as opposed to those conducted overseas). A Chinese university official and a leading agent expressed support for increased levels of pastoral care and more pre-departure preparation. These statements concur with the findings of our survey of 150 households in which safety was a major concern of parents considering overseas education for their children (see Section 9: Marketing).

Operators who have achieved scale appear to be profitable.

6.4 Outlook for the next 2-5 years

6.4.1 Pathway programmes
An increasing number of professional bodies from around the world will set up pathway programmes in China. British organisations like the Financial Training Company are already present in the country and others, such as the American Society of Mechanical Engineers, are actively exploring the market (Geffen & Cui 2005).

China itself is likely to become involved in establishing pathways to study in China.

The impact of lower-cost options will become clear as institutions such as Monash and LaTrobe promote pathways to their lower-priced campuses in Malaysia.

6.4.2 Foundation programmes
Concerns about pastoral care and the ability of students to transition from one education system and culture to another will encourage the establishment of more foundation programmes in China.
6.5 Recommendations

6.5.1 Pathway programmes
Given the low percentage of pathway programme students opting to study abroad, Australian providers should recognise that school leavers and mature students view such programmes as a means to gain qualifications and improve their prospects in the job market, rather than as a pathway to overseas study. Providers should consider adapting programmes and marketing to tap this demand more effectively.

6.5.2 Foundation programmes
Chinese education providers, agents, parents and the Chinese government have expressed concerns about pastoral care and the ability of Chinese students to adjust to Australia and the Australian education system. Provision of programmes that help students to adjust before they leave China would enhance the reputation of Australian education by helping to ensure that students are able to cope with life in Australia. Programmes that provide a foundation for senior high school study, such as the Year 10 programme launched by Queensland’s Department of Education, could help to reverse the decline in the number of students attending high school in Australia.

Agents have suggested that Australian schools should provide better introductory promotional documents that give parents more information about their facilities and about pastoral care.
7.1 Introduction
English-language skills are highly valued in China by both parents and employers. In our survey of 150 households, 75% of parents considering sending their child abroad for secondary school said that the main reason for doing so would be to help their child improve their English. A similar percentage of households (68%) said that this was one of the major reasons for sending their child abroad for post-secondary education. Of the respondents, 60% said that they were considering an intensive English-language programme abroad for their child. Similarly, English-language training is a core component of pathway and foundation programmes (see Section 6: Pathway and foundation programmes). Overall, the number of ELICOS enrolments in Australia grew by 8.6% year on year in 2005, despite a Chinese government directive discouraging students from completing this kind of study in Australia (Ministry of Education 2004b) (see Appendix 6). According to English Australia, pathway programmes account for the bulk of Chinese students undertaking ELICOS study in Australia. This section looks at two types of English-language study: study tours to Australia and stand-alone English programmes.

7.2 Study tours
There are no reliable data on the number of operators offering study tours (a combination of English-language study and tourism) to students in China. However, judging from the volume of advertising for such programmes there are at least 100 such operators. Operators seem to be predominately schools and education agents working with ethnic Chinese businesses in the foreign country, although some schools have direct links with education departments abroad (for example, the West Australian Department of Education). The students associated with this type of study-travel typically are treated as tourist visa applicants.

To understand this sector, the EIU interviewed agents, schools and a broker. Some of the providers deal with Australia, while some have moved from Australia to other markets and do not consider Australia an alternative destination. (It should be noted that the researchers are aware of the relevant immigration provisions and regulations and any assertion made by the interviewees represents their understanding of these regulations.)

7.2.1 Inhibiting factors
Agents, schools and the broker all confirmed that there is significant potential in this business, but that activity in this area is constricted by:

- Lack of sufficient links between local schools and agents and Australian providers.
- Lack of specific and clear visa regulations and/or categories.
- Inconsistent results for visa applications lodged at different centres.

In addition, operators advised that a majority of such trips are seen as part of the overseas study planning process, and a number of students have begun visiting multiple
destinations for this purpose. Some, for example, have attended such tours in both Australia and the United Kingdom.

At least two of the operators interviewed reported that they had been frustrated by differences in processing times and the outcomes that they had experienced at different visa application centres in China. This experience was particularly evident in the study tour market.

Operators in this sector are often education agents and have significant price premiums attached to their brands. The operators interviewed felt that if they were more confident in the visa system, or if it was as straightforward as the visa system for student visas, this would enable them to attract more business and to do so year after year. These operators say that under the current regime they will continue sending students to the US and the UK.

All of the interview candidates reported that their respective programmes have had zero issues with non-returns, mostly owing to the age of the students and the fact that remaining family members were in China.

7.2.2 Leveraging Australia’s strengths

Interviews with school-run operators suggest that Australia’s attraction as a tourist destination can be leveraged to attract high-calibre, high-net-worth students (that would normally study elsewhere) to study in Australia at the tertiary level.

However, operators felt that because these trips contain a tourism component, expectations are higher and complaints can be more numerous. A British operator stressed the importance of first impressions and participants’ experience during the first few days of a tour, claiming that this has a strong effect on what students report to their peers.

7.2.3 Safety concerns

Operators advised that safety is the number one concern for parents with regard to independent (away from parents) tours. Apart from safety, other key parental concerns are their ability to contact their child and whether their child is eating well/can adapt to the local food. Several operators suggested that allowing parents or other relatives to accompany their children would overcome this problem.

7.2.4 Solutions

Interviewees were asked what changes would enable them to divert the students that they claimed are now being serviced by competitor nations to Australia instead. The operators responded that they would consider doing so if Australia would:

- Recognise the limited flight risk associated with long-term operators and the age group involved in study tours.
- Create a specific visa category for "language-based study tours”.
- Create a policy environment and/or supply-side infrastructure to enable a parent to accompany their child on these tours.

The operators stressed that there is demand for longer-term programmes exceeding current tourist visa provisions.
Case Study 7.1 : Beijing Foreign Language Experimental School

The Beijing Foreign Language Experimental School sends most of its students to the UK for study tours, primarily because the chairperson of the school believes the UK to be a superior destination (his perception is the result of a favourable experience he had on a personal visit to the UK).

Structure
The course takes students to London for a few days and the remainder of the time is spent outside London. The duration of the programme is slightly shorter than Australian and Canadian courses: students in Years 8-10 spend 3-4 weeks studying, while younger students (Year 7) spend 10 weeks. Students can live in residences or opt for a home-stay.

Points of interest
The length of stay is dependent on the current exchange rate (ie if the exchange is unfavourable during the planning stage, the course that is to be marketed will be shortened). The director of this programme advised that the primary considerations of operators when comparing Australia and the UK are:

- Ease of visa application.
- Whether programmes provided in Australia meet Chinese preferences.
- The extent to which school leaders believe they can deliver on parents' expectations on overseas learning.
- The impression Chinese school administrators have when visiting overseas schools.

Source: Interview with director.

7.3 Stand-alone English packages
Interest in overseas stand-alone English programmes for career purposes does not seem to exist in China. This is anomalous to a number of mature markets with sophisticated internal structures for delivering English education, such as the Republic of Korea and Japan, which still send large numbers of students to Australia to study English, without view to proceed to pursuing tertiary study. DIMA statistics for the seven months from July 2005 to January 2006 show that while stand-alone ELICOS accounted for 58% of the English-language study visas granted to students from the Republic of Korea and 48% for students from Japan, the figure for China was just 0.09%.

Based on interviews conducted for this study, the reasons for this anomaly could be the high cost (financial and opportunity) of stand-alone English programmes offered abroad (relative to competing domestic offerings, and relative to China’s level of development), and the limited recognition of such courses in the marketplace from both enterprise and student perspectives. The problem is compounded by difficulties, or perceived difficulties, in obtaining visas in this area.

Interviews with two leading local English-language course operators suggested that many learners are focused on maximising their English test scores and local English schools are viewed as better at preparing learners for this purpose. The focus on test
scores is partly the result of an increased tendency for companies in China to use English skills as a filtering mechanism to screen applicants, even when the job in question does not require English skills. Our survey of employers (68 multinational subsidiaries, 38 domestic companies and 17 government agencies) reinforces these findings. Of the respondents, 58% said they ranked English-language skills as very important when considering job candidates. Seventy-seven percent of the employers surveyed said that the quality of English-language training available in China is inconsistent, although only 21% said that it was not of very high quality. Competition in this sector in China is certainly intense with foreign operators being actively involved (see Appendix 8).

7.3.1 Inhibiting factors
Interviewees, who included agents, language school operators and other educators, both Australian and Chinese, advised that the market for English programmes conducted in Australia is particularly limited compared to other types of study. However, operators and educators alike believed that the clients who they have been sending to the UK would also like to study in Australia, but perhaps had not considered it. The reasons given were:

- Lack of understanding among agents in terms of product offering.
- Previous bad experience with visa requirements.
- A directive from the MoE discouraging language study in Australia (Ministry of Education 2004b; see Appendix 6).

The common understanding amongst agents interviewed was that ELICOS learners from China need high IELTS scores in order to obtain a visa to go to Australia, and that this was self-defeating in nature. When asked about average processing times for various types of Australian visas, one of the agents surveyed said that visas for language study were not available, while another, rather than estimating a timeframe, said simply that it was “difficult to get a visa”. However, as mentioned above, a significant reason for lower growth in this area compared to, say, higher education, could be the Chinese government's directive discouraging students from completing this kind of study in Australia, with a view to protecting the interests of Chinese students. It encourages students to complete all language studies prior to leaving China, with the exception of university foundation courses (Ministry of Education 2004b). The warning is posted on the MoE’s website, which has very high levels of traffic and links from approximately 150 portals and news sites.

7.4 Summary of key findings

7.4.1 Study tours
At least two of the operators interviewed reported that they had been frustrated by differences in processing times and outcomes that they had experienced in different centres for visa applications.

Interviews with school-run operators suggest that Australia's attraction as a tourist destination can be leveraged to attract high-calibre, high-net-worth students to study tours and that this could lead students who would normally study elsewhere to study in Australia at a tertiary level.
7.4.2 Stand-alone ELICOS

There is a lack of understanding among agents in terms of Australia’s product offering in this area.

Agents believe that a directive from the MoE discouraging language study in Australia (Ministry of Education 2004b) could have contributed to the lack of interest.

It should be noted that all of the larger education agents in China also operate English-language courses or are affiliated with domestic English-language schools. They may therefore have little incentive to recommend overseas English programmes.

7.5 Outlook for the next 2-5 years

The demand for English-language training will continue to rise, based on three trends:

- Stiffer competition for jobs and increased use of English skills as a filter for job applicants.
- Increased presence of multinational companies in China.
- Rising incomes and increased desire to interact with the outside world (eg, through study abroad in higher education or VTE).

While this may translate into increased demand for English training in China, and for training incorporated into pathway and foundation programmes, it is difficult to see what, aside from rising affluence, will drive demand for stand-alone English study abroad.

7.6 Recommendations

Consideration should be given by relevant government authorities to the development of a specific visa category for "language-based study tours" to support the marketing of ELICOS. At least two of the operators interviewed reported that they had been frustrated by differences in processing times and outcomes that they had experienced in different centres for visa applications. It was suggested that this problem could be overcome by the creation of a specific visa category for language-based study tours. To address pastoral care issues, Australian authorities and education providers may also consider creating a policy environment and supply-side infrastructure to enable parents to accompany their child on these tours.

ELICOS providers should work with tourism promotion bodies to create products. Interviews with school-run operators suggest that Australia’s attraction as a tourist destination can be leveraged to attract high-calibre, high-net-worth students on study tours, and this could lead students who would normally study elsewhere to study in Australia at a tertiary level.

ELICOS providers should draw comparisons with Japan and the Republic of Korea. A survey of stand-alone ELICOS students from Japan and the Republic of Korea would provide insights into the level of income and career plans or other motivations of students studying English in Australia. This would help to provide a better understanding of how Australia might attract Chinese students to this area.

Australian providers should work with agents to promote the concept of stand-alone ELICOS study. Given the fact that many of China’s larger education agents also own or
are affiliated with English schools, and hence have a vested interest in encouraging students to study at home in China, it may be wise to attempt to form alliances with smaller agents.
Section 8: Distance education

8.1 Introduction
Chinese distance education has evolved through three generations. The first generation, which began in the 1950s, was known as distance learning via post (*Hanshou*). The second generation, characterised by distance education via radio and television, began in the mid-1980s. The third generation is distance education based on information technology and the internet, which is called modern distance education (MDE) or advanced distance learning (ADL). All of these types of distance learning exist in some form today.

The Chinese government has often relied on distance education to train its workforce. In fact, owing to the theoretical emphasis of Chinese vocational training, and the severe shortage of suitable teachers in areas such as statistics, health and agriculture, the government often resorts to satellite and video tape delivery to accomplish mass training tasks. However, these courses are often hurriedly implemented, and the content is rarely enticing or encouraging for the student. Nonetheless, large numbers of vocational training courses are taught in this way, and distance education remains a key part of the education system.

Today the government is making great efforts to develop ICT-based MDE, not only as a means of meeting demand for higher education and qualified personnel in the short term, but also as a means of achieving its vision of a learning society that is based on lifelong learning (Ding, Gu, and Zhu 2005).

In addition to the work of public education providers and the government's internal training mechanisms, significant private-sector activity is emerging in this field. The presence of multinational corporations with sophisticated training programmes has helped distance education to grow across the economy as a whole (Universal Ideas 2006). Companies such as Microsoft, Siemens and Motorola are establishing training centres in China delivering their substantial remote-learning programmes. Some of these companies have even formed corporate universities or other institutions that offer the training modules to customers outside of the firm. Chinese domestic training companies are only now beginning to test the water with distance learning and computer-based training products for enterprises.

A major determinant for the future of distance education packages delivered in China is recognition of qualifications gained through such study. To date, the MoE has not approved any distance education courses delivered by foreign providers, but this has not stopped foreign educators from entering this sector.

8.2 Modern distance education
MDE deserves special mention. Since the early 1990s, MDE courses have been delivered in China using IT platforms, and more recently internet technologies (Deng 2004). Tsinghua and three other universities were the first to be granted MDE licences in 1998. By the end of 2003, there were 67 pilot campus-based universities as well as the China Central Radio and Television University (CCRTVU). There are now 2,347 study
centres across the country covering ten fields of study. At the end of 2003, there were 2.3 million students enrolled in these MDE programmes, with 58% in undergraduate courses, 42% in vocational courses and only 0.5% in postgraduate courses (Ding, Gu and Zhu 2005).

The infrastructure for delivering MDE was initially financed by the central government. It invested to restructure the China Education and Research Network (CERNET), China’s national academic internet backbone and the Chinese Educational Broadcasting satellite (CEBSat), as well as to develop more than 300 online courses. The programmes offered by the 68 pilot universities now support themselves through tuition fees (Ding, Gu and Zhu 2005). Courses are delivered in one of two modes. Under the remote classroom model, students at remote learning centres watch and listen via satellite to a presentation given by an instructor at the institution’s campus. Interaction is possible between students and teacher. Under the autonomous learning model, lectures are pre-recorded on CD-ROMs and posted to learners directly or to learning centres. Learners can go online to interact with fellow students or teachers.

Students are usually admitted to web-based higher education programmes based on an examination system. Admission to web-based programmes generally requires payment of fees, although these charges are quite low. In addition to online materials, printed materials, audiotapes, videocassettes, VCDs and CD-ROM versions of materials are often included.

Web-based programmes are usually jointly offered by a conventional university and an external partner. The university provides curriculum and instructors while the external partner provides facilities, technology and funds. Partners include Blackboard, an American enterprise software and services provider that produces the popular Blackboard course management systems, and WebCT, an American provider of e-learning system. (WebCT provides a secure system of collecting lecture notes on a central site that can be accessed by students. In addition to the information-sharing tools offered by WebCT, Blackboard also provides platforms that include assessment and tuition.)

8.3 Challenges

8.3.1 Perceptions of distance education

Public perception of distance education is mixed. In our survey of 150 households of secondary school-aged children (see Appendix 1), we asked an open-ended question regarding respondents’ views of distance education. Eleven percent of the 134 respondents to the question claimed that they are unfamiliar with the concept of distance education, while 13% of respondents expressed concerns about the overall learning experience provided by distance education given that there is little human interaction in this mode of delivery and students’ questions may go unanswered. Ten percent believed that distance education is only suitable for those with self-discipline, while another 7% completely ruled out distance education as an acceptable form of education delivery, and another 7% questioned the quality of education received.

There were some positive responses: 14.5% of the respondents stated that distance education is a cost-effective way to obtain an education, 6% stated that distance
education enables those who would not be able to obtain an education otherwise a means of learning, and another 6% felt that distance education could be useful for broadening horizons.

Concerns over the lack of recognition of a degree obtained via distance education were expressed by 5% of the respondents. (Distance education programmes offered by foreign providers, including web-based programmes, are not officially recognised by the Chinese government.)

While the public may be sceptical of distance education programmes, many employers are positive about them. In our survey of 123 employers in China (both multinational subsidiaries and local companies and government agencies), 25% of employers said they would not consider hiring graduates of a distance education programme, but 62% said they would consider hiring such a graduate if the programme were offered by a reputable institution.

There can be similar issues with local online degrees because domestic universities offering them do so through separate departments called “institutes of online learning”.

8.3.2 Technical difficulties
The technical side of delivery also presents difficulties. A fundamental challenge facing web-based educational programmes in China is that many students do not have access to computers on a regular basis (Zhang et al. 2002). For those students who can get online, obtaining sufficient bandwidth can be problematic, as the majority of internet home users still use a dial-up connection, and significant siphoning activity occurs for those with broadband connections. As most students enrolled in Ministry of Education-approved programmes at Institutes of Online Education (attached to universities) live on the university campus, access from personal computers is not viewed as a priority, according to River Jiang, project manager of the infrastructure joint venture between CERNET and Blackboard. However, students who enrol in other online distance education programmes may face bandwidth and connectivity issues.

8.3.3 Poor study habits
The students themselves can become obstacles for autonomous learning (Potashnik and Capper 1998). Following extensive research into learner support issues for web-based English education at Beijing Foreign Studies University, researcher Tong Wang concluded that the most common learning difficulties faced by online learners were poor time management and ignorance of available student support services (Wang 2005).

8.3.4 Staff retention
Staff retention is a serious problem for online programme providers. Qualified staff members at Institutes of Online Education are difficult to keep, as many are on loan from other institutions or academic departments. Training for staff is also an issue, as many are unfamiliar with distance education methodologies, let alone web-based teaching strategies (Potashnik and Capper 1998).

8.4 Overseas providers
In addition to domestic homegrown web-based higher educational programmes, foreign universities, polytechnics and training institutes are co-operating with local Chinese
partners. Many programmes are designed to address skills gaps but they do not offer formal qualifications that are recognised by the MoE. Some foreign institutes have succeeded in recruiting Chinese students to complete degrees through their programmes. Chinese students have earned degrees from some of the larger international operators, including University of Phoenix, and Open University of the UK, although these operators were reluctant to provide enrolment numbers to our research team. It may be expected that as the larger overseas commercial players enter, the government may introduce guidelines for market entry into this area, although it will give higher priority to improved regulation of joint-venture programmes offered within China.

8.5 Non-award courses
The spread of prepaid cards for internet use in China has enabled some specialist online players to succeed in an environment where credit cards are non-existent. Subjects in which non-award courses are delivered online to home users include but are not limited to:
- English learning and test preparation;
- Music courses; and
- Information technology courses (such as programming).

Case study 8.1: GlobalEnglish™
GlobalEnglish Corporation, a US-based world leader in web-based English-language instruction service, has licensing agreements with several Chinese companies. These include Shanghai Foreign Service Company, a leading Shanghai-based HR services company that says it has provided close to 85,000 staff members for over 8,000 MNCs in China.

GlobalEnglish courses provide over 750 hours of general and business English curriculum from beginner to advanced levels, including TOEFL test simulation and preparation materials.

Companies can purchase courses in bulk, or students can buy recharge cards from news kiosks and even charge up online from some debit cards. Students are given access to the GlobalEnglish website based on the number of hours provided in their course. GlobalEnglish’s programmes and support offerings have been adapted to the Chinese market, including development of simplified-Chinese language support.

Source: Interviews, GlobalEnglish Corporation.

8.6 Web-based VTE
Distance learning and web-based training are making a significant impact at large multinationals such as Ford Motor Company. “Distance training of existing sales and mechanical staff complements a comprehensive programme with the Michigan state government and VET-level institutions to train apprentices for a new age of motor vehicles and customer service.” (Cunningham et al. 2000)
RMIT, the University of South Australia and Auckland University of Technology recently joined forces with other universities to form The Global University Alliance. The Global University Alliance has, in turn, allied with Hong Kong-based internet education provider NextEd, which was set up specifically to offer on-demand education and training in China. The move is designed to make university courseware available to a wider audience, including VTE institutes. David Beanland, vice-chancellor of RMIT University, was more excited about the innovative nature of the venture than with generating financial returns.

“While we don’t want to run at a loss, the ethos is really about how we can educate more people using the new technology in new ways to improve the effectiveness of education. We want to change our existing education programmes using the best educational technology to provide material that will be useful, flexible and tailored to individual needs.” (Maslen 2000b)

8.7 Summary of key findings
The Chinese government is making great efforts to develop ICT-based modern distance education (MDE), not only as a means of meeting demand for higher education and qualified personnel in the short term, but also as a means of achieving its vision of a learning society that is based on lifelong learning.

Public perception of distance education is mixed. In our survey of 150 households with children of secondary school age, respondents expressed many reservations based on the lack of human interaction, the lack of self-discipline on the part of students and the potential quality of distance education. However, some respondents also saw the potential of distance education in terms of cost savings and the ability to reach those who would otherwise not have access to higher education.

Lack of recognition of distance education degrees, by the labour market in general and, in the case of programmes offered by foreign providers, by the government, is an issue. Notwithstanding this handicap, a number of Chinese have signed up and completed degrees through the University of Phoenix and Open University of the UK (these operators were reluctant to provide enrolment numbers to our research team).

While the public may be sceptical of distance education programmes, many employers are positive about them. In our survey of 123 employers in China (both multinational subsidiaries and local companies and government agencies), 25% of employers said they would not consider hiring graduates of a distance education programme, but 62% said they would consider hiring such a graduate if the programme were offered by a reputable institution.

8.8 Outlook for the next 2-5 years
Given the government’s overarching goal of creating a learning society, the expansion of distance education is likely to continue in tandem with the capacity expansion at institutes of higher education.

It may be expected that as larger overseas commercial players enter the distance education market, the market will be expanded as a result and the government may
introduce further flexibility in terms of structures for market entry, although policy on joint-venture programmes offered within China will take precedence.

8.9 Recommendations
Chinese government policy regarding the recognition of distance education degrees granted by foreign institutions should be closely monitored. The government is eager to promote the development of distance education both as a means of expanding access to higher education for those in remote areas and as a means of promoting life-long education. At the moment, degrees granted through distance education by foreign institutions are not recognised in China and this presents an obstacle for foreign providers.
Section 9: Marketing

9.1 Introduction
Marketing plays a critical role in influencing purchasing decisions. This section looks at the tools Australian education providers can use to inform more potential students in China of their respective offerings, and how other nations are going about this same task.

9.2 Key factors in influencing decisions
Our research indicates that many students (and their parents) take personal responsibility for information gathering regarding options for overseas study. In our survey of 15 key education agents, 66% said that at least half of the families approaching them have already made some decisions about where they want to study, such as the country or institution. According to 87% of the agents, students and/or their parents first decide in which country they want to study. Half of the agents surveyed said that more than three-quarters of the students approaching them end up studying in the country about which they first enquired.

The agents, in turn, promote what are already popular destinations. According to our survey, 87% of agents admitted to promoting some institutions more than others. Of those who did so, 92% said that they did so because these institutions are more popular with Chinese students. The next most common reason (chosen by 77%) was the fact that these institutions provide good training and support for agents.

Table 9.1
Please rank how the following factors influence your decision on where you will be sending your child for education, 1 = critical importance, 2 = of great importance, 3 = of moderate importance, 4 = of minor importance, 5 = unimportant

<table>
<thead>
<tr>
<th>Factor</th>
<th>Critical importance, % of respondents</th>
<th>Great importance, % of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>General impression of the country</td>
<td>32</td>
<td>48</td>
</tr>
<tr>
<td>Matching child’s preferred major to a country’s strengths in that discipline</td>
<td>30</td>
<td>48</td>
</tr>
<tr>
<td>Overall reputation of a particular school</td>
<td>31</td>
<td>47</td>
</tr>
<tr>
<td>Matching child’s preferred major to an institution’s strengths in that discipline</td>
<td>34</td>
<td>40</td>
</tr>
<tr>
<td>My child’s preference</td>
<td>35</td>
<td>36</td>
</tr>
<tr>
<td>Ease of obtaining student visa</td>
<td>20</td>
<td>43</td>
</tr>
<tr>
<td>Costs</td>
<td>31</td>
<td>26</td>
</tr>
<tr>
<td>Presence of friends/relatives in host country</td>
<td>29</td>
<td>26</td>
</tr>
<tr>
<td>Considering which course of study could lead to permanent residency</td>
<td>23</td>
<td>28</td>
</tr>
<tr>
<td>Host country’s regulations on allowing foreign students to work while pursuing their education</td>
<td>6</td>
<td>28</td>
</tr>
<tr>
<td>Availability of scholarships</td>
<td>7</td>
<td>33</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Household survey

According to our survey of 150 households with children at secondary school age, Chinese parents are most influenced by their general impression of a country, and the ability to match their child’s preferred major to a country’s strengths in that discipline. Among the parents responding to our household survey, the overall reputation of a
particular school ranked a close third. Of the survey respondents, 80% said that their
general impression of a country is either of great or critical importance in influencing their
decision, while 79% said the same about matching their child’s preferred major to a
country’s strengths in that discipline, and 78% said the same about matching their child’s
preferred major to an institution’s strengths in that discipline (see Table 9.1).

Asked (in an open-ended question) which among the above factors was the most
important, 29% of respondents said matching their child’s preferred major to the country
or institution’s strengths in that discipline, while 20% said the presence of friends or
relatives in that country and 13% chose the possibility of permanent residency (although
this may seem to suggest that education choices have been delinked from migration
strategies, in a separate question asking respondents to rank the importance of various
factors in their decision-making process, 51% of households said that the possibility of
permanent residency was important; see Table 9.1).

The importance of Chinese households’ general impression of a country is reinforced by
the response to the question, “If cost were not a factor in your decision, which would be
your country of preference?” Australia’s attractiveness did not change when compared to
the response to an earlier question regarding which countries the households were
strongly considering or considering as a destination for their child, suggesting that
Australia is not viewed as an expensive destination. However, the share of respondents
who would choose the US if it were not so costly rose by three percentage points, while
the share choosing the UK rose by five points and the share choosing Canada rose by
four points. Asked in a follow-up open-ended question why they would choose this
country, 56% cited the perceived safety of the country and generally good environment.
A remarkable 42% of respondents said they had friends or relatives in the country they
chose, and linked this to the well-being of their child. The perceived quality of education
available in the country ranked third, chosen by 38% of respondents. Only 9%
mentioned employment prospects, and only 3% mentioned their child’s preference as a
deciding factor.

Focus groups conducted with senior or graduate students from leading universities in
Beijing and Shanghai suggested that those considering graduate studies abroad also
first decide on country before institution (see Appendix 3).

The importance of safety is highlighted once again in a question asking parents to rank
their concerns about sending their child abroad for study: 96% of respondents said that
safety/security was of critical or great importance, while 88% said the same about legal
protection of international students’ rights.

With regard to specific institutions, Chinese parents are most influenced by the quality of
a country’s education system and the quality of particular schools. Asked to rank the
importance of certain types of information about a particular institution, 88% of
respondents to our survey said that the qualifications of faculty and the institutions’
standing in international/host country rankings were of critical or great importance.
Following is how the various types of information ranked, in order of importance.
Table 9.2
When you try to learn about an institution, how important is the following information? Please rank each of the following from 1 to 5, with 1 = of critical importance, 2 = of great importance, 3 = of moderate importance, 4 = of minor importance, 5 = unimportant

<table>
<thead>
<tr>
<th>Information</th>
<th>Critical importance</th>
<th>Great importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualifications of faculty</td>
<td>48</td>
<td>40</td>
</tr>
<tr>
<td>Standing in international/host country rankings</td>
<td>40</td>
<td>48</td>
</tr>
<tr>
<td>Majors and degrees offered</td>
<td>36</td>
<td>48</td>
</tr>
<tr>
<td>Admission requirements</td>
<td>36</td>
<td>41</td>
</tr>
<tr>
<td>Post-graduation career statistics</td>
<td>39</td>
<td>44</td>
</tr>
<tr>
<td>Facilities on campus</td>
<td>19</td>
<td>46</td>
</tr>
<tr>
<td>Tuition and financial aid</td>
<td>28</td>
<td>34</td>
</tr>
<tr>
<td>Information about area surrounding campus</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>Estimated cost of living</td>
<td>15</td>
<td>42</td>
</tr>
<tr>
<td>Number of international students</td>
<td>9</td>
<td>35</td>
</tr>
<tr>
<td>Athletics and extra-curricular programmes</td>
<td>6</td>
<td>32</td>
</tr>
</tbody>
</table>

Source: Household survey

Our survey of 15 leading education agents confirms the emphasis on quality, with 73% of the agents stating that the quality of education in specific countries/at specific schools was one of the most common areas of enquiry from clients (ranking second behind cost).

9.3 Sources of information

The results of our survey of 150 households show that education agents in China are not greatly relied upon as a source of information: half of the respondents to our household survey said that education agents in China were either somewhat untrustworthy (41%) or not trustworthy (9%), while 47% considered them to be somewhat trustworthy (40%) or trustworthy (7%).

The most reliable sources of information, according to our survey of households, are relatives and/or friends who have children overseas (67% ranked this source as trustworthy and 30% ranked it as somewhat trustworthy) and embassies/consulates (official education agencies of foreign countries) (50% ranked this source as trustworthy and 43% said it was somewhat trustworthy).

Education fairs—either those held by host country representatives or Chinese agencies—ranked quite low in terms of absolute trustworthiness (host country fairs were regarded as trustworthy by just 11% of respondents, although somewhat trustworthy by 61%, while fairs hosted by Chinese agencies/organisations were thought to be trustworthy by just 8% of respondents and somewhat trustworthy by 53%).

It is interesting to note that while agents pointed to the rankings of education institutions as one of the most common areas of enquiry from clients (this ranked second behind questions about quality), only 7% of households ranked this source of information (“rankings as reported in the media”) as trustworthy, while 45% said it was somewhat trustworthy.

The overall message from these survey results is that education marketers should place more emphasis on influencing parents (and students) directly, rather than relying too heavily upon agents.
Table 9.3
When researching schools and education programmes, which sources of information do you consider to be most trustworthy? Please rank each of the following from 1 to 5, with 1 = trustworthy, 2 = somewhat trustworthy 3 = somewhat untrustworthy and 4 = not trustworthy 5 = not applicable/no opinion

<table>
<thead>
<tr>
<th>Source</th>
<th>Trustworthy</th>
<th>Somewhat trustworthy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relatives and/or friends who have children overseas</td>
<td>67</td>
<td>30</td>
</tr>
<tr>
<td>Embassies/consulates (official education agencies of foreign countries)</td>
<td>50</td>
<td>43</td>
</tr>
<tr>
<td>Direct contact with the institution</td>
<td>32</td>
<td>56</td>
</tr>
<tr>
<td>Teacher/counsellor in secondary school</td>
<td>15</td>
<td>56</td>
</tr>
<tr>
<td>Education fairs/lectures organised by host countries representatives</td>
<td>11</td>
<td>60</td>
</tr>
<tr>
<td>Media reports on overseas education</td>
<td>8</td>
<td>50</td>
</tr>
<tr>
<td>Education fairs/lectures organised by Chinese agencies</td>
<td>8</td>
<td>53</td>
</tr>
<tr>
<td>Educational agencies in the host country</td>
<td>15</td>
<td>41</td>
</tr>
<tr>
<td>Rankings of educational institutions (as reported in the media)</td>
<td>7</td>
<td>45</td>
</tr>
<tr>
<td>Educational agencies in China</td>
<td>7</td>
<td>40</td>
</tr>
<tr>
<td>Internet</td>
<td>11</td>
<td>49</td>
</tr>
</tbody>
</table>

Source: Household survey

9.4 Marketing tools
There are a number of ways in which education providers, often in partnership with their governments, work to increase recruitment of overseas students. These include, but are not limited to:

- government policy to facilitate overseas enrolments;
- optimising course structure to meet market needs;
- strategic alliances;
- advertising; and,
- indirect means such as public relations.

9.4.1 Policy
Every major destination country for transnational education has adjusted student visa conditions, usually to allow international students to take up employment in some form, both during and after study, although some countries make this more difficult than others do. A review of such policies, as well as detailed case studies on the US and UK approach to China, is included in Appendices 9, 10 and 11.

Australian disadvantages
Among changes in policy that have the potential to detract from Australia’s attractiveness as a destination for study is its policy requiring students to show that they have met the minimum score required for English-language proficiency in order to obtain a visa.\(^37\) While the UK requires applicants to submit English-language proficiency test scores (TOEFL or IELTS), it does not have any minimum proficiency requirement.\(^38\) The US advises applicants to bring along a copy of their TOEFL results to their visa interview, but it is not a mandatory requirement and the consular officer may not review

---

\(^37\) Department of Immigration and Multicultural Affairs (URL: http://www.immi.gov.au/study/applying/visa_requirements_english.htm)

\(^38\) British Embassy Beijing (URL: http://www.uk.cn/bj/)
The other countries under consideration in this study made no mention of English-language requirements.

Do such policy changes have a significant impact on student flows? At the very least, the impact must be considered. Of the 150 households surveyed for this study, 63% ranked ease of obtaining a student visa of critical or great importance in influencing their decision on where to send their child for study. Only 34% said that a host country’s regulations on allowing foreign students to work while studying was of critical or great importance, although 51% said that the possibility of permanent residency was important (see Table 9.1).

The concern of Chinese parents with their children’s safety while studying abroad would seem to indicate that introduction of measures such as the Student Guardian Visa, allowing a guardian to accompany students to Australia, would have an impact. However, we were unable to locate statistics on the uptake of this type of visa.

Similarly, although the introduction of the eVisa system to China has undoubtedly brought improvements over the traditional paper-based system, only two of the ten agents who responded to our survey question on the average processing time for student visas seemed aware of the system. Even these agents reported little improvement in processing time, claiming that e-visas take between two to 12 weeks to process (the official processing time for paper applications is 12 weeks, according to Australian government websites).

The language requirements introduced by Australia do seem to have had some impact on opinion, if not on actual student flows. One of the agents surveyed reported that it was difficult to get a visa for English-language study in Australia, as well as the UK and US, although it took one to two months in Canada, Singapore and New Zealand. Another agent claimed that visas for language study were not granted by any of the countries in question. In general, agents surveyed are under the impression that Australian visas take longer to process than those granted by the US and UK (the US is seen as the fastest, taking one to two days, although one agent insisted it takes two to four months).

Regarding secondary schools in particular, agents were asked why the number of students going to Australia for secondary school education has fallen. Six of the 15 agents cited language and visa requirements, the same number that chose safety. The number one factor, however, was cost, indicated by eight agents.

Given that 67% of the agents listed “visa arrangements” as one of the main attractions of study in Australia compared with other countries they represent (the top attraction was climate, chosen by 73% of agents), it might be assumed that the negative impact of language requirements is felt more in the ELICOS and schools sectors.

9.4.2 Strategic alliances

Many Australian universities have developed partnerships in research or other areas that have increased student recruitment as a result. An example is the Australian Centre for International Agricultural Research (ACIAR), which brings students to Australia from several developing countries, including China, on graduate study fellowships (as well as

---

39 U.S. Department of State (URL: http://travel.state.gov/visa/temp/types/types_1268.html)
implementing numerous aid projects; ACIAR spent A$3.9 m on 31 projects in China in 2004/05). Likewise, strategic alliances with industry umbrella organisations could be used to attract students.

The promotion of US education in China has received a boost from corporate America. A recent example (first quarter 2006) is the Continental Airlines lectures at leading universities in China. Under this arrangement, a representative of Continental Airlines gives a lecture on a subject of interest to students (in this case the management lessons from the airline’s famous "worst to first" shift), which is then followed by a discussion of the benefits of studying in the US. At the same time, there is a lucky door prize of a return ticket to New York. On April 10th the Tsinghua University website was featuring the speech given by the chairman and CEO of Caterpillar, an American heavy equipment maker, details of a visit by the group chairman of HSBC, as well as a photo of a visiting Swedish delegation on science awards.

9.4.3 Direct marketing
The direct promotion (supplier to student) of education products is achieved primarily through education fairs and the internet, and significant funds are expended on fair representation. A marketing executive at a large Beijing exhibitions company advised that the British Council spent in the vicinity of Rmb10 million (A$1.6 million) on stands, signs, equipment and staging costs in 2005. In addition, a number of agents run mini-fairs, at which Australian providers often conduct interviews. In light of our survey respondents’ scepticism of agent-run education fairs as a trustworthy source of information (see 9.3 above), a review of expenditure on these fairs and tracking of benefits from them would be worthwhile.

Agents, who market their own services rather than specific programmes, use numerous marketing channels. According to our survey of 15 leading agents, all agents rely on word of mouth, while 86% use internet advertising/portals, direct marketing and newspaper advertising. Of the agents surveyed, 71% said they also rely on promotion at secondary schools, while 57% use government-sponsored fairs.

9.4.4 Indirect marketing
The effect of scholarships on the attractiveness of a given country has not been quantified, but interview feedback suggests that there is a cascading effect in that greater and more positive publicity surrounds countries that provide scholarships (see case study on the British Council in China is Appendix 10). Our focus groups with senior and graduate students also indicated that scholarships are important in influencing decisions on overseas study (see Appendix 3).

9.5 The internet as a source of information

9.5.1 Introduction
In view of the importance of the internet as a source of information, we considered it important to provide a basic understanding of how Chinese students use the internet, and how information about study in Australia might be available to them. Our understanding of how Chinese students use electronic sources of information is based on surveys, focus groups, interviews and discussions with students and stakeholders (see Appendices 1, 2, 3 and 12). It is important to note, however, that according to our
survey of 150 households, parents do not rely on the internet as a source of information (see Table 9.3), and hence it may not prove a useful channel for some providers, notably schools, who are trying to reach parents. In fact, only 41% of parents said that as a source of information the internet was trustworthy (7%) or somewhat trustworthy (33%). Relatives and friends with children studying overseas (97%) and embassies/consulates (93%) were regarded as most trustworthy by parents.

By contrast, focus groups held with senior and graduate students from leading universities in Beijing and Shanghai showed that for this group the internet is a key source of information on institutions and programmes.

Based on our research in this area (see Appendix 12), there are certain search patterns and research gathering processes that are conducted by all students when using the internet to search for information on studying abroad, but these are followed by significant variations in activity after the initial search.

The electronic resources available to students can be described as follows:

**First tier – primary contact**
- Search engines (primarily Baidu, Google, Sogou, Yahoo, in decreasing order of use).
- Sub-portals of major Chinese portals such as Sina, Sohu, Yahoo, etc.
- BBS discussion forums hosted on intranets (primarily Qinghua, Beijing University, Fudan etc).

**Second tier – following use of one of the above resources, students contact**
- Chinese government websites on overseas study.
- Portals created by agents to disburse information on studying overseas.
- Third-party portals specifically created to provide resources on studying overseas.
- Portals created specifically by overseas governments to promote the education system of the respective country.
- Websites of the respective schools and universities.

Approximately 90% of non-government web resources feature varying levels of advertising, and the majority of this advertising is from education agents, local schools that provide overseas study programmes, or schools that provide related services (eg, English schools, preparation schools, etc.).

**9.5.2 Search engines**
Most Chinese students are internet-literate. Furthermore, most would perform a search on a search engine using a particular text string (the Chinese characters liuxue – literally overseas study). Our research (see Appendix 13) showed that websites produced by Chinese education agents monopolise the “first page” results when relevant search terms are entered on the top three Chinese search engines. On the leading search engine, Baidu.com, readers are not informed that these links are sponsored (ie paid for). Hence, agents are well placed to influence the flow of information to students.
9.5.3 Chinese internet portals

Internet portals are a major part of the Chinese internet landscape, and Chinese portals are better than foreign-run portals at giving Chinese information consumers what they want (Lin 2005). This is because local portals have an ability to provide content in the user's native language, and to give global information a local slant and cultural relevance (Dou, Yoo and Ma 2003). For this reason, the indexing and translation capacity of portals is far more important than in English-speaking countries. Students interviewed for this study expressed moderate interest in these portals but high levels of awareness.

Chinese-language general purpose portals are some of the leading sites in the world. The top three sites (sina.com, sohu.com, and qq.com) are ranked 6th, 9th & 10th respectively in the world (Alexa 2006; Alexa is a service that monitors web traffic and is run by Amazon, see www.alexa.com). Based on their own personal experience of living in China, it is the opinion of our researchers that discussion forums on these sites play an important role in the dissemination and analysis of news and long-standing issues, and are a major channel for word-of-mouth advertising.

The majority of Chinese-language general portals feature multiple channels on everything from military affairs to pop music, including an education channel. This is then split into subchannels such as liuxue (overseas study), chuguo (go overseas), heban (joint-venture schools), etc. In the majority of cases, these subchannels are leased to other companies.

In addition to major portals such as Sina, there are multiple topic-specific portals, and in the case of overseas study, this list includes chuguo.com, liuxue.com and tigtag.com, to name but a few. (For details on major portals, see Appendix 14.)

9.5.4 BBS networks

Many leading Chinese universities have thriving BBS communities. (According to PC Magazine, a BBS community is a computer system used as an information source and forum for a particular interest group. They were widely used in the US to distribute shareware and drivers and had their heyday in the 1980s and first part of the 1990s, all before Web use escalated. A BBS functions somewhat like a stand-alone website, but without graphics. However, unlike websites, each BBS has its own telephone number to dial into.)

Today, BBSs are still widely used in parts of the world where there is much less direct internet access, and many serve as e-mail gateways to the internet. This has developed as a way to reduce rising download volumes and associated costs. Beijing and Shanghai universities have particularly well-developed networks, featuring a wide variety of societies and forums: these networks even provide dating services. They are particularly influential in terms of shaping word-of-mouth news transmission on campus.

9.5.5 Websites of foreign governments or related bodies

The governments, or related bodies, of countries that service significant numbers of international students have created websites introducing the relative benefits of studying in that country. The construction of such websites requires careful consideration, as information that is too positive may lead to unrealistic expectations, while plain language is not enticing. At the same time, agents thrive on information asymmetry in the market, and collaboration with agents has been shown to drive market share (Forbes & Hamilton
Interviews with agents showed that the impression of the longest-standing website, that of the British Council, has been generally positive. Smaller agents felt a little threatened by the prospect of more freely available information, but larger agents advised that more information about Australia in general is required, and they cited the British Council's links to science and arts information (as well as information on education) as a good example.

Our research evaluated the websites of all major competitor countries (for details of the methodology used to evaluate these websites, see Appendix 12). The websites provided by Australia, Singapore and the UK were generally viewed to be the most helpful, although Chinese users complained about the lack of university rankings, and users had a noticeable tendency to input .com rather than the .gov or .org suffixes used by such sites. Both Australia and the UK had top-level links for scholarships, which was seen as an advantage. Students felt that if the government did not produce some ranking information, at the very least these sites should link to rankings made by reputable organisations for reference. (For detailed evaluation of these websites, see Appendix 12.)

9.6 Print media

9.6.1 Introduction

There are specialist magazines available on studying overseas, such as 21st Century and Shenzhen Xuexhe. However, a survey of news kiosks revealed that these publications are not widely available; thus, they could be viewed as industry magazines. Newspaper advertisements concerning overseas study are usually placed in Global Times (huanqiu shibao) or in the various evening papers (wanbao). These advertisements are placed by agents or local schools (with authorisation from the government). Foreign universities are not technically permitted to advertise in newspapers. Typically, advertisements are placed in the centre margin. The target demographic of the Global Times (and similar papers) is people aged 35-55 years. This would tend to suggest that such advertisements are aimed at parents.

According to our survey of 15 leading agents, agents use advertising in Chinese-language newspapers and portals in equal measure, as well as direct marketing. The exception is advertising for EMBA and MBA programmes, which are often advertised in English-language publications. Local agents for the Rutgers EMBA programme and the University of Maryland, both of which advertise in English-language publications, report that the government is not concerned about advertising directed at expatriates.

9.6.2 Note on quality of reporting

With the exception of matters directly relating to the political affairs of the central government, the Chinese press has relative freedom to publish material as it sees fit. At times, this includes content that is sensationalist and unsubstantiated. International news items are rarely subject to fact checking, and may even be based on the blogs of overseas Chinese.

It is common practice for Chinese-language papers, including those within Australia, to accept payments for inclusion of editorial material. Significant favourable editorial support may also be given in the event that a supporter has recurring advertisements,
and is not signposted to the reader as paid content. Even when favourable coverage is not solicited, it is common for newspapers to include the text of press releases verbatim and to translate the content of foreign news agencies without attribution.

Such operational mode is a double-edged sword. Some foreign government offices have made effective use of this operational environment. Some foreign educational institutes have suffered from it. For example, across the web, including on CERNET’s website (see Section 8: Distance education), Harvard University is reported (by the People’s Daily) to have reached an agreement with Shaanxi International Trade College to build a branch college and provide teaching materials, equipment and teachers. According to The Harvard Crimson, there is no such agreement and someone pretending to represent Harvard University (Greeley 2005) duped the Chinese college.

9.7 Promotional brochures

9.7.1 Introduction
We examined more than 100 brochures from nine different countries (for details of the methodology used to evaluate these brochures, see Appendix 15). The common theme among education brochures was that the education in question would be "world class", "quality", and that it would be completed in a pleasant environment.

9.7.2 Notes on Australian documents
Australian documents would benefit from consistent translation of a common theme. While such a theme could not be identified in our examination of the English website “Study in Australia”, it appears from the various Chinese-language brochures available that at some level there is consensus on using "Australia: a land of unlimited opportunity" as a slogan. However, there are differing translations of this slogan (at least three were spotted at recent fairs) and application has been inconsistent. Given the involvement of non-English-speaking parents in the decision-making process, consideration should be given to increasing the role of the Chinese language in government branding and on promotional material. Promotional bags at recent fairs were a case in point. The Chinese side of the bag was not laid out in a way that made best use of the advertising space. The bags distributed at the show could be seen on campuses afterwards; hence they can have a lasting impact if designed wisely.

留学生澳洲

Suggested simplified marking

留学澳洲

Actual marking
9.8 Household income and education affordability

Statistics provided by DEST in an overview of the China market released in November 2004 (DEST 2004) show that 72% of student visa applications from China came from the following provinces or cities: Beijing, Shanghai, Guangdong, Liaoning, Jiangsu, Fujian, Shandong and Zhejiang. However, it is likely that demand for overseas education will grow in other provinces and cities as incomes rise.

Demographers who have been analysing the results of the annual Household Income and Expenditure Survey conducted by State Statistical Bureau suggest that discretionary purchases begin to take off when households earn an annual income of Rmb40,000 (approximately US$5,000, A$6,960). It is at that threshold when basic necessities such as food and housing constitute 40% of household expenditure and households have a greater capacity to purchase discretionary goods and services. When income reaches Rmb120,000 (US$15,000, A$20,860), the proportion of income spent on food, clothing and housing drops to 26% and households with incomes above this threshold will be referred to as “affluent households” (see Table 9.6).

Table 9.4
Expenditure pattern by income level

<table>
<thead>
<tr>
<th></th>
<th>Urban households with an annual income of Rmb</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average</td>
</tr>
<tr>
<td>Food &amp; Beverages</td>
<td>7,652</td>
</tr>
<tr>
<td>Clothing</td>
<td>1,979</td>
</tr>
<tr>
<td>Housing</td>
<td>1,395</td>
</tr>
<tr>
<td>Household operations</td>
<td>2,904</td>
</tr>
<tr>
<td>Other (includes recreation, education, health, personal care, transport and communications)</td>
<td>10,213</td>
</tr>
<tr>
<td>Savings</td>
<td>5,179</td>
</tr>
<tr>
<td>Total</td>
<td>29,322</td>
</tr>
<tr>
<td>Food, Clothing and Housing as % of income</td>
<td>48%</td>
</tr>
<tr>
<td>Savings as % of income</td>
<td>17.6%</td>
</tr>
</tbody>
</table>

Source: Asian Demographics

Not surprisingly, Beijing and Shanghai had the highest number of households earning more than Rmb40,000 in 2005, together accounting for 14% of such households. (For details of other cities with large numbers of relatively high disposable income, see Table 9.5)

Some caveats are necessary at this stage. First, it is widely accepted that household income is under-reported in China. Second, it is not certain at which level of income overseas education becomes an option or a priority. However, given the importance traditionally placed on education in Chinese society, we assume that as households grow more affluent, spending in this sector will increase.

Table 9.5

40 Unless otherwise stated, this section is derived from Asian Demographics, The Geography of High Income Households in China, January 2006.


### Top 25 cities with the greatest number of households with high mean disposable income, 2005

<table>
<thead>
<tr>
<th>Province</th>
<th>Urban City</th>
<th>Households earning over Rmb 40,000 in the province</th>
<th>Households earning over Rmb40,000 as a percentage of total urban household in the province</th>
<th>Mean Disposable income per household pa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing</td>
<td>2,143.1</td>
<td>60%</td>
<td>47,651</td>
<td></td>
</tr>
<tr>
<td>Tianjin</td>
<td>672.0</td>
<td>29%</td>
<td>35,150</td>
<td></td>
</tr>
<tr>
<td>Shanghai</td>
<td>2,883.6</td>
<td>58%</td>
<td>50,584</td>
<td></td>
</tr>
<tr>
<td>Chongqing</td>
<td>547.3</td>
<td>14%</td>
<td>27,981</td>
<td></td>
</tr>
<tr>
<td>Sichuan</td>
<td>876.5</td>
<td>8%</td>
<td>41,646</td>
<td></td>
</tr>
<tr>
<td>Guangdong</td>
<td>857.9</td>
<td>9%</td>
<td>61,601</td>
<td></td>
</tr>
<tr>
<td>Guangdong</td>
<td>618.2</td>
<td>7%</td>
<td>70,467</td>
<td></td>
</tr>
<tr>
<td>Jiangsu</td>
<td>590.9</td>
<td>5%</td>
<td>49,935</td>
<td></td>
</tr>
<tr>
<td>Zhejiang</td>
<td>590.1</td>
<td>10%</td>
<td>42,680</td>
<td></td>
</tr>
<tr>
<td>Hubei</td>
<td>577.0</td>
<td>6%</td>
<td>32,696</td>
<td></td>
</tr>
<tr>
<td>Guangdong</td>
<td>555.3</td>
<td>6%</td>
<td>48,433</td>
<td></td>
</tr>
<tr>
<td>Jiangsu</td>
<td>546.8</td>
<td>5%</td>
<td>42,292</td>
<td></td>
</tr>
<tr>
<td>Heilongjiang</td>
<td>532.7</td>
<td>7%</td>
<td>33,650</td>
<td></td>
</tr>
<tr>
<td>Jiangsu</td>
<td>500.0</td>
<td>5%</td>
<td>46,879</td>
<td></td>
</tr>
<tr>
<td>Shandong</td>
<td>455.8</td>
<td>4%</td>
<td>38,476</td>
<td></td>
</tr>
<tr>
<td>Zhejiang</td>
<td>436.0</td>
<td>7%</td>
<td>58,611</td>
<td></td>
</tr>
<tr>
<td>Zhejiang</td>
<td>400.6</td>
<td>7%</td>
<td>39,520</td>
<td></td>
</tr>
<tr>
<td>Shandong</td>
<td>376.2</td>
<td>3%</td>
<td>33,012</td>
<td></td>
</tr>
<tr>
<td>Liaoning</td>
<td>374.7</td>
<td>5%</td>
<td>30,978</td>
<td></td>
</tr>
<tr>
<td>Shaanxi</td>
<td>361.2</td>
<td>7%</td>
<td>31,005</td>
<td></td>
</tr>
<tr>
<td>Guangdong</td>
<td>350.3</td>
<td>4%</td>
<td>65,903</td>
<td></td>
</tr>
<tr>
<td>Henan</td>
<td>340.9</td>
<td>3%</td>
<td>32,872</td>
<td></td>
</tr>
<tr>
<td>Liaoning</td>
<td>339.5</td>
<td>4%</td>
<td>34,224</td>
<td></td>
</tr>
<tr>
<td>Jilin</td>
<td>338.9</td>
<td>6%</td>
<td>33,291</td>
<td></td>
</tr>
<tr>
<td>Guangdong</td>
<td>335.0</td>
<td>4%</td>
<td>56,339</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Asian Demographics*

### 9.9 Summary of key findings

Many students and parents take responsibility for gathering information regarding options for overseas study. Our survey of 150 households showed that parents tend to distrust agents and are somewhat sceptical of education fairs held by local agents as well. They find information from friends or relatives with children overseas to be more trustworthy, followed by information from embassies or consulates. Students rely more heavily on information found on the internet.

Parents surveyed for this report said that their decision on where to send their child for overseas study is most influenced by their general impression of a country, the ability to match their child’s preferred major to a country’s strengths in that discipline and the overall reputation of a particular school.

Australia’s policy requiring students to show that they have met the minimum score required for English-language proficiency in order to obtain a visa could detract from Australia’s attractiveness as a destination for study. Of the 150 households surveyed for this report, 63% ranked ease of obtaining a student visa of critical or great importance in influencing their decision on where to study. The ability of students to work while studying was viewed as less important.
Top education agents monopolise “first page” results when relevant search terms, specifically *liuxue* (overseas study) are entered on the top three Chinese search engines.

Australia’s education website (www.studyinaustralia.gov.au) was, together with those of Singapore and the UK, generally viewed to be most helpful among the websites of competing countries, although students would prefer to see some ranking information for each country’s institutions.

Promotional brochures from the countries under study in this report bear common themes, emphasising quality and a good living environment.

Our researchers noticed a lack of consistent branding among various Chinese-language brochures.

**9.10 Outlook for the next 2-5 years**

The number of households in non-traditional markets that can afford to send students abroad for study will increase.

The internet will become an ever more important tool for reaching students—and, increasingly, their parents.

**9.11 Recommendations**

Over-reliance on agents should be avoided and more effort made to reach students/parents directly. Our surveys indicated that education agents are distrusted to some degree (half of the respondents to our household survey said that agents were either somewhat untrustworthy or not trustworthy). A traditional channel for reaching these consumers is education fairs organised by host country representatives. The internet, however, is becoming increasingly important and deserves attention. Australian education authorities and providers may consider investing in sites designed specifically with Chinese students’ habits and preferences in mind. It may be worthwhile to invest in a “first page” link to the Study in Australia website from China’s leading search engines (see Section 9: Marketing).

Marketing efforts should be more targeted and consistent. While students do have some say in where they study abroad, at the undergraduate level, parents seem to make the final decision. Reaching them requires the use of different channels than those used to reach their internet-surfing offspring. Word of mouth is very important and use of credible spokespersons is encouraged (faculty members, alumni, Australian companies/recruiters).

While over-reliance on agents for promotion is not advisable, at the same time agents should be provided with better information and/or training regarding Australia’s offering in the English-language study tour market and schools.

Consideration should be given to increasing the role of the Chinese language in government branding and on promotional material, given the involvement of non-English-speaking parents in the decision-making process.
Promotional material, including brochures and any premiums to be given away to prospective students, should carry consistent branding.

Further research should be conducted on which cities within China hold the best prospects for sending students abroad and a target list should be drawn up. A targeted marketing plan should be devised based on this list and with the advice of local marketing experts. As noted throughout our report, the level of economic development across China is uneven and untapped opportunities to recruit students no doubt exist in China’s second- and third-tier cities.
Section 10: Benchmarking study

10.1 Introduction
As part of our research, we have constructed a benchmarking model that provides a snapshot of Australia’s competitiveness in the market for international education in China. The model contains some 70 variables relating to the attractiveness of seven countries as a destination for overseas education for Chinese students. For the ease of entry section, with no immigration requirements for Chinese students planning to pursue their studies within China, the project team used the entry requirements for South Korean students—the largest cohort of foreign students studying in China—to benchmark China against other nations. The variables are grouped into five main categories:

1. National education market environment
2. Macroeconomic and demographic outlook
3. Competitiveness and attractiveness as a location to study
4. Financing
5. Ease of entry

10.2 Weightings
According to the results from our interviews and surveys, the Economist Intelligence Unit project team weighted the five major category groups in the following manner to reflect the importance placed on each category in terms of making decisions on where to study. The weightings reflect the fact that the competitiveness and attractiveness of a country as a location to study was regarded as the most important, closely followed by financing.

<table>
<thead>
<tr>
<th>Category</th>
<th>Weightings</th>
</tr>
</thead>
<tbody>
<tr>
<td>National education market environment</td>
<td>0.15</td>
</tr>
<tr>
<td>Macroeconomic and demographic outlook</td>
<td>0.05</td>
</tr>
<tr>
<td>Competitiveness and attractiveness of location for study</td>
<td>0.35</td>
</tr>
<tr>
<td>Financing</td>
<td>0.25</td>
</tr>
<tr>
<td>Ease of entry</td>
<td>0.2</td>
</tr>
</tbody>
</table>

In order to test our hypothesis that not all variables were of equal importance in the decision-making process, the EIU included a number of questions in its surveys of relatively affluent Chinese households, agents and employers (see Appendix 1) that were scored in the following way:

1 = Unimportant
2 = Of minor importance
3 = Of moderate importance
4 = Of great importance
5 = Of critical importance

A number of these questions were directly mapped to variables in the scoring model. We assume that all variables included are of at least moderate importance. The mean of the scored responses to each question from the household survey was then calculated as
an indication of the relative importance and weight of the issue to Chinese families and potential students. Interestingly, safety and security of students was accorded the highest importance (a mean score of 4.8, indicating that most Chinese households scored this with a 5) with overall costs, for example, coming much lower (a mean score of 3.4).

As a result, each of the variables in each category was given a relative level of importance of between 1 and 5. Those variables mappable to survey responses and scoring above 3 are then accorded a comparably bigger weight than other variables in the category. The EIU project team gave a score for the non-mapped variables based on its professional opinion.

The weights presented below are only a suggested range and serve as the default setting for the scoring model. We fully appreciate that the relative importance of such a wide range of variables is subjective and different for individuals, families and organisations. As such, the scoring model here is designed to be dynamic, allowing the user to input their own set of weights and thus alter the potential composite scores and country rankings. For example, if users would like see where Australia stands if financing played a greater role in the decision-making process, they can adjust the weightings in Column D to see the effect of that change.

Q: Isn’t the scoring methodology overly harsh at times on a particular country? It may do well relatively against most countries in the world in, for example, the quality of its higher education, but it scores 1 in your scoring model?

A: Many of the indicators being assessed are difficult to quantify individually and some are qualitative in nature. A refined methodology would entail assessing all of the countries in the world (the total population set) and grading countries on this basis, as you would have some indication of best and worst practice globally.

The pool of countries being assessed for this study is relatively small, however, and we have thus focused the scoring methodology on how each country does against each other and where it ranks. Therefore, for most of the metrics that can be assessed on a quantitative basis we have scored on the basis of rank, so that;

<table>
<thead>
<tr>
<th>Rank</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>10</td>
</tr>
<tr>
<td>2nd</td>
<td>8.5</td>
</tr>
<tr>
<td>3rd</td>
<td>7</td>
</tr>
<tr>
<td>4th</td>
<td>5.5</td>
</tr>
<tr>
<td>5th</td>
<td>4</td>
</tr>
<tr>
<td>6th</td>
<td>2.5</td>
</tr>
<tr>
<td>7th</td>
<td>1</td>
</tr>
</tbody>
</table>

Given the volume of indicators, we believe that when aggregated through to the final score the scoring model used provides a fair assessment of overall rank (and thus score). We have also unequally weighted each of the variables given our assessment of their overall importance to decision-makers (the students and their families), further refining the results on the relative importance of each metric to the overall decision of where to study.
10.3 Summary of findings
Out of the seven countries assessed, Australia ranked third overall (Chart 10.1), behind Canada and China. Australia scores highly on national education market environment and on financing from a Chinese perspective, but it scores less well on ease of entry and macroeconomic and demographic outlook, which includes economic growth projections and changes in the relative size of various age groups.

10.3.1 Strengths

Australia ranks highly (ie first or second) for the following variables:

1. National education market environment (Chart 10.2)
   - Number of available places for study at the graduate level compared with number of applications
   - Average programme length for undergraduate and the VTE sector
   - Number of overseas students (per 100 total students in higher education)42
   - Budget for promotion of education in China

2. Competitiveness and attractiveness of location for study (Chart 10.3)
   - Ability to work after graduation
   - Number of overseas students in higher education (per 100 total students in higher education)42
   - Number of students from China, 2004/2005
   - Fairness of judicial process

3. Financing (Chart 10.4)
   - Number of hours permitted to work while studying
   - Minimum wage

4. Ease of entry

---

41 This indicator measures the total number of overseas students, regardless of level and programme, as a percentage of total higher education enrolment. A bigger number reflects that there are more non-higher education overseas students than overseas students enrolled in higher education programmes.

42 This indicator looks at the total number of overseas students in higher education. If the figure in this indicator is higher than that of Indicator 1.13 (Number of overseas students per 100 total students in higher education), it means that higher education students make up a greater share of overseas students.
- Ease of student visa application
- Actual visa processing time
- Security deposit

The above strengths indicate that Australia offers quality education at a competitive price, with a fair judicial system that protects students’ rights. Its climate is friendlier to Chinese students than competitor countries—a factor of consideration cited in the household surveys. It is also important to note that Australia is perceived to be safer than the US and the UK, especially since safety is often cited as an important decision-making influencer in the household and agent surveys.

The generally shorter course duration and less expensive tuition means that it is less risky for Chinese students to pursue an education in Australia than in the US and the UK. The latter are essentially high-risk—yet potentially high-reward—study destinations with long payback periods. An Australian education is second only to New Zealand (or
third if China is added into the equation) in terms of return on investment (ROI) on financial terms. Within the sub-group of Australia, New Zealand and Canada, according to our employer survey, Australia is perceived to have the best quality of education by employers in China. If employer perception is factored into consideration, it is arguably a better investment to pursue an education in Australia than in New Zealand and Canada. However, Australia should note that Singapore is very competitive in terms of payback periods when the fact that all students accepted to universities in Singapore are eligible for tuition grants is taken into account. In that case, payback periods for Singapore are 2.9 years compared with 9.3 years for Australia, which remain a shorter period than that offered by Canada (10.1 years), the UK (10.3 years) and the US (16.9 years).

Over the course of our research for the benchmarking model, we noted Australia’s strength in social sciences. Eight Australian universities hold a spot in *The Times Higher Education Supplement*’s World’s Top 50 Schools for Social Sciences ranking (2005 World University Rankings). In comparison, only five UK schools were in the top 50, 17 from the US, three from Canada, one from Singapore, one from China and none from New Zealand. In the fields of technology and sciences, there were more Australian institutions in the top 50 than the UK and New Zealand. Since Chinese households and education institutions place a great deal of focus on rankings, Australia should use this information in its promotion of education in Australia and its discussion of partnership opportunities.

Lastly, when assessing students’ ability to finance their studies, Australia also leads other competitor countries on its requirement (See Table 10.1: Proof of finances: Minimum requirements for bank records). By requiring students to make a Rmb25,000 security deposit, Singapore has created the highest financial barrier for Chinese students. New Zealand is also unique for requiring applicants to transfer Rmb50,000 into a New Zealand financial institution upon visa approval. We believe that the opportunity cost of these financial requirements may dampen interest from Chinese students in studying with Australia’s competitor countries.

<table>
<thead>
<tr>
<th>Table 10.1: Proof of finances: Minimum requirements for bank records</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Australia</strong></td>
</tr>
<tr>
<td><strong>Canada</strong></td>
</tr>
<tr>
<td><strong>New Zealand</strong></td>
</tr>
<tr>
<td><strong>Singapore</strong></td>
</tr>
<tr>
<td><strong>United Kingdom</strong></td>
</tr>
<tr>
<td><strong>United States</strong></td>
</tr>
</tbody>
</table>

Source: Embassies and immigration department websites
10.3.2 Weaknesses
Australia scored less well (sixth or seventh) for the following variables:

1. National education market environment
   - Government expenditure per student at the higher education level as a % of overall GDP per capita

2. Macroeconomic and demographic outlook (Chart 10.5)
   - Average projected growth in median household income 2005-10

3. Competitiveness and attractiveness of location for study
   - Availability of practical training visa programme
   - Duration of practical training programme
   - Ease of application for practical training visa programme

5. Ease of entry (Chart 10.6)
   - Cost of student visa
   - Language requirements for student visas
   - Documents required for visa applications

---

**Chart 10.5**
Macroeconomic and demographic outlook

<table>
<thead>
<tr>
<th>Country</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>5.52</td>
</tr>
<tr>
<td>Canada</td>
<td>5.41</td>
</tr>
<tr>
<td>New Zealand</td>
<td>5.44</td>
</tr>
<tr>
<td>Singapore</td>
<td>6.88</td>
</tr>
<tr>
<td>UK</td>
<td>4.40</td>
</tr>
<tr>
<td>US</td>
<td>7.18</td>
</tr>
<tr>
<td>China</td>
<td>4.87</td>
</tr>
</tbody>
</table>

**Chart 10.6**
Ease of entry
(% respondents)

<table>
<thead>
<tr>
<th>Country</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>5.38</td>
</tr>
<tr>
<td>Canada</td>
<td>6.43</td>
</tr>
<tr>
<td>New Zealand</td>
<td>5.88</td>
</tr>
<tr>
<td>Singapore</td>
<td>5.91</td>
</tr>
<tr>
<td>UK</td>
<td>6.58</td>
</tr>
<tr>
<td>US</td>
<td>5.81</td>
</tr>
<tr>
<td>China</td>
<td>7.97</td>
</tr>
</tbody>
</table>
Q: Australia scores relatively poorly on the category “Macroeconomic and demographic outlook”. How can this be given its strong economic growth of the last decade?

A: The EIU’s Country Analysis and Economics teams produced the forecast data for this section. While it is true that Australia has experienced a sustained period of higher than average economic growth, our forecasts are for the next 15 years. We expect some unwinding in the Australian economy, and higher average growth in countries such as New Zealand, Singapore and China in terms of real GDP per capita. This results in Australia’s middle ranking for this section.

However, Australia mostly suffers from its relatively lower levels and forecasts for median household income. We assume here that the choice of studying overseas is in part driven by the expectation of potentially gaining residency and employment in that country. This decision, in turn, will be driven by the potential income in each country. A number of countries that Australia is being compared to in this study already have higher levels of median household income, some considerably higher. While we expect median household income to grow in local-currency units (A$), we also expect there to be a depreciation of the Australian dollar against the US dollar, which results in median household income actually declining marginally by the end of the forecast period. (We use the US dollar as the common currency unit in this study to allow cross-country comparison.)

Even though Australia ranks fourth overall in the “competitiveness and attractiveness of location for study” programme, Australia could enhance its attractiveness by providing students with the opportunity for practical job training. The Chinese government is placing much emphasis on developing skills that are needed in the marketplace. This type of programme would allow those graduates who would like to return to China eventually to gain overseas work without having to go through the more arduous process of obtaining work permits. This could improve their prospects in the employment market. In fact, our model supports this finding. If Australia institutes a practical training programme, its overall score will match that of Canada (6.2).

Another area of weakness for Australia is related to visas. Of the nations assessed, Australia currently has the highest student visa application fees for Chinese students. (It should be noted that exemptions are available to approved programmes, while other nations apply the same fee across the board.)

<table>
<thead>
<tr>
<th>Units: Rmb</th>
<th>Student visa application fee (includes administrative and other mandatory charges)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>2,640</td>
</tr>
<tr>
<td>Canada</td>
<td>860</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1,120</td>
</tr>
<tr>
<td>Singapore</td>
<td>300</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,495</td>
</tr>
<tr>
<td>United States</td>
<td>1,620</td>
</tr>
</tbody>
</table>

In addition to fees, Australia is the only country that requires students to meet a minimum level of English-language proficiency in its visa granting process. This practice
may have diverted students who were interested in pursuing education in Australia but failed to obtain the minimum IELTS score to other destinations.

10.4 Conclusion

Based on current assumptions and data, three main conclusions can be drawn:

- Australia offers quality education at a competitive price. The return on investment for an Australian education is much more attractive, and less risky, than the return on education in the US and UK.

- Australia is perceived to be a safer country than the US or the UK.

- Australia’s lack of a practical training visa programme, its high student visa application fee and its English-language requirements for student visas are negative factors vis-à-vis competing countries.
Section 11: Outlook and recommendations

11.1 Outlook
The number of Chinese studying abroad has been increasing steadily, reaching 331,154 in 2004 (see Chart 1.1). Concomitantly, the total number of students from China enrolled in Australian institutions rose by 17.8%, with the higher education sector witnessing the largest year-on-year growth (32.6%), followed by the VTE sector with 22.7%, and ELICOS with 8.6%. The only sector that witnessed a decline in enrolment was schools (-13.7%).

Australia is clearly attractive to Chinese students. However, what is the long-term sustainability of this flow of students from China? While Australia is attractive in its own right, growth in the flow of students from China in recent years may have been based at least in part on the diversion of student applications from other destinations, as short-term reputational factors have harmed the image of the UK, or perceived US visa restrictions have discouraged applicants to American colleges. Indeed, the fickle nature of Chinese students’ decisions on overseas destinations should be taken as a cautionary note against complacency. The over-reliance of some institutions on Chinese enrolments has become a topic of much discussion in the UK. The University of Essex, for example, had 29% of its non-subsidised budget provided by Chinese enrolments in 2004 (RIIA 2004).

Overall, according to our survey of 150 households, many Chinese parents believe that demand for study abroad will remain high. When asked what they thought would happen in China’s education sector in the next five years, 75% of respondents said they thought that the number of university places would increase and 68% thought the quality of education would improve. However, 53% said that more students would go overseas. This compares with the 11% who thought fewer students would go abroad.

Other factors that will affect the flow of students to Australia include:

- **The expansion of capacity of China’s education system, particularly in higher education.** We believe that this trend, combined with the declining population of school-aged children, will eventually have some impact on the flow of students abroad.

- **Intensifying competition from other countries.** As noted throughout our report, competition is emerging from non-traditional countries such as the Netherlands.

- **A possible reversal in the number of students going to the US.** Applications by Chinese students for postgraduate studies in the US rose by 21% in 2005, indicating that the post-9/11 decline in the flow of Chinese students to American universities may be reversing.

- **The continued establishment of twinning programmes and other joint ventures involving foreign educational institutes in China.** While we
believe that such programmes are not sustainable over the medium to longer
term, it is possible that the number of programmes could increase in the short
term, provided that Chinese government policy is amenable and providers
are willing to meet what are likely to be more stringent (and costly)
requirements such as the provision of foreign teaching staff. Properly
structured programmes with a study-abroad component do have the potential
to increase student flows abroad. However, we believe that the difficulties
encountered by such programmes mean that very few will be successful over
the longer term.

- **Employment prospects for graduates.** In the medium term, employment
  prospects for graduates will be a major determinant of future enrolment
  patterns for Chinese students. China’s “Class of 2006”, at over 4m, is its
  largest ever and these graduates will face unprecedented competition for
  employment. Subsequent graduating classes will be even bigger as the
  capacity of China’s tertiary institutions is expanded (although China’s college-
age population cohort will crest in 2008). Job creation for China’s graduates
  is an increasingly urgent concern for the country’s policymakers. A key issue
  for Australian international educators in the next five years will be gauging the
  impact of a highly competitive job market on China’s academic
  establishments, and on changes in students’ enrolment preferences.

How can Australia position itself as an attractive destination for Chinese students, and
as a provider of quality education? Our recommendations cover a number of different
areas.

### 11.2 Recommendations

#### 11.2.1 Higher education

**11.2.1.1 Australian educators should concentrate on better pre-departure
preparations for Chinese students, either through pathway or foundation
programmes, so that Chinese students will be able to integrate more fully into
academic work and campus life in Australia.**

The long-term outlook for twinning programmes in China is not favourable for foreign
education service providers. Twinning programmes are under closer scrutiny, and the
current backlog of applications waiting for MoE approval is indicative of policy review.
We believe that this review was prompted by concerns over the quality of twinning
programmes, and that it will be followed by a series of consolidations to enforce higher
standards.

The problems encountered by many Australian partners in twinning programmes will not
be easily resolved. Despite best efforts, bilateral technical discussions (including FTA
discussions) regarding the repatriation of funds and profitability of these programmes are
not likely to yield solutions, as the philosophical underpinnings of each side have little in
common. The MoE does not view education as a “for-profit” sector, nor is there any
timetable for a sequenced handover of the education sector in China to wholly foreign
management and control, similar to the WTO market-opening measures for other
commercial sectors. Attitudinal differences are borne out in diverging views on foreign partnerships, which mirror many of the pre-WTO intractable differences that complicated joint ventures in other commercial sectors (Luo 2002).

The Chinese educators, consultants and intermediaries interviewed for this study have noted that Chinese institutions are motivated to seek foreign partners to raise funds, enhance prestige and boost marketing efforts. In many instances, the Chinese partners see limited contractual restraints on the operation of the China component of the programme, perceiving that they may reproduce texts and materials as required, and that they have autonomy in enrolment and recruiting processes and flexibility in adapting curriculum, supplementing with Mandarin instruction as required by students.

Our research indicated that the motivations of Australian providers in joint-venture programmes are a contradictory mixture of altruistic and commercial elements. Australian institutes see twinning partnerships as an avenue to eventual Chinese enrolments in the Australian operations of the institute, and as a way to supplement revenue sources. They also assume contractual security of the course structure and operation, and regard consistent application of enrolments and academic standards as essential to preserving the integrity of the programme. These divergent attitudes between the joint-venture partners are further complicated by the lack of “embedding” of twinning courses in the core activities or curriculum of the Chinese partner institution (and hence the courses are not likely to be under the usual academic scrutiny).

Focus group discussions generally concluded that operational problems encountered by these programmes would be attributable to the Chinese partner; nevertheless, Australian educators should consider reputational risk. Indeed, the overall perception of such programmes within China is negative in terms of how they compare with programmes at China’s top universities and programmes overseas. Interviews with students planning to study abroad, and focus groups with senior students at leading domestic universities, suggested that onshore (in China) programmes are viewed as being only for students who cannot gain entrance to top universities, or who cannot afford overseas study. The students also believed that only second-tier (or worse) foreign institutions entered into such arrangements in China. The assumption is that students applying for places in joint programmes are not the best students, and that such enrolments are by default, owing to the applicants’ lack of acceptance or funding to complete studies at China’s elite institutions or overseas.

One exception to our conclusions regarding twinning programmes is specialised master’s degree programmes. As shown by the case study on the University of South Australia’s Master of Civil Engineering programme (see Case study 4.1), there is potential to cater for working professionals in niche areas with in-China delivery of courses not otherwise available or easily replicated (although such programmes would continue to face other problems such as repatriation of profits).

Despite aspirational preference for enrolment in China’s elite universities, parents responding to our survey of 150 households and students taking part in our interviews and focus groups also value the experience of overseas studies. They noted that better preparation of students would enhance the study experience, and allay parents’ concerns on quality, pastoral care, safety and integration with local students. The Chinese government has also expressed concern that students be better prepared prior to leaving China.
As the quality of courses offered in China rises and the return on investment in overseas education falls (in the form of falling salaries for returning students), the “experience factor” of overseas studies, as well as a well-designed preparation and support system for students, will become more important in marketing overseas education. In-China foundation programmes are thus likely to be increasingly well received. Programmes such as Year 10 and Unilearn (see Section 6: Pathway and foundation programmes), which focus closely on the needs of students planning to study in Australia, would seem to offer a good model.

11.2.1.2 The current relationship between the IELTS requirement for student visa approval and the marketing efforts for pathways and foundation programmes to be undertaken in Australia should be reviewed. The development of more streamlined processes would assist in facilitating visa issuance to language/pathways students. The marketing efforts for pathways and foundation programmes to be undertaken in Australia are at variance with the IELTS requirement for student visa approval. Better liaison with immigration authorities is required in order to facilitate visa issuance to language/pathways students.

11.2.1.3 To leverage maximum value from marketing efforts by Australian educators in China, stronger collaboration with other relevant government agencies (Austrade, DFAT, Tourism Australia) is required to ensure a consistent “branding” of Australian education. Promotion of Australia has been skewed towards the quality of life. As a result, Chinese families may not automatically associate Australia with education. Furthermore, Australian education appears to suffer from weak brand awareness. While American and British institutions have developed strong reputations based on the strength of specific institutions and disciplines linked to them, such as the London School of Economics in economics, Columbia in journalism and Harvard in business, there is no such equivalent for Australia.

Thus, a consistent campaign to brand Australia as a country where students can pursue a quality education while maintaining a healthy lifestyle as well as forging good career/networking opportunities is needed. The Australian education experience also must be differentiated from other English-speaking destinations (including EU countries).

Specifically, Australian educators should strive to overcome two significant hurdles: (a) a perception that overseas studies, except at brand name institutions, are for second-rate students; and (b) the lack of differentiation between Australia and other English-language study destinations among Chinese students.

The first perception is reinforced by the elitist self-image of China’s top universities, and the social status of graduates from these schools. To counter this, Australian educators can leverage Chinese students’ concern with awards and rankings by using (or instituting) audits, evaluations and rankings in promotional materials, particularly those that are global in nature (such as the AACSB). International faculty awards and exchanges, as well as prestigious research projects, should also be publicised in China.

Marketing efforts should be more targeted and consistent. While students do have some say in where they study abroad, parents seem to make the final decision on undergraduate level studies. Reaching them requires the use of different channels than those used to reach their internet-surfing offspring. Word of mouth is very important and
use of credible spokespersons is encouraged (faculty members, alumni, Australian companies/recruiters).

Our surveys indicated that education agents are distrusted to some degree (half of the respondents to our household survey said that agents were either somewhat untrustworthy or not trustworthy). In light of these results, over-reliance on agents should be avoided and more effort made to reach students/parents directly. A traditional channel for reaching these consumers is education fairs organised by host country representatives. The internet, however, is becoming increasingly important and deserves attention. Australian education authorities and providers may consider investing in sites designed specifically with Chinese students’ habits and preferences in mind. It may be worthwhile to invest in a “first page” link to the Study in Australia website from China’s leading search engines (see Section 9: Marketing).

Consideration should be given to increasing the role of the Chinese language in government branding and on promotional material, given the involvement of non-English-speaking parents in the decision-making process.

Promotional material, including brochures and any premiums to be given away to prospective students, should carry consistent branding.

As noted throughout our report, the level of economic development across China is uneven and untapped opportunities to recruit students no doubt exist in China’s second- and third-tier cities. Further research should be conducted on which cities within China hold the best prospects for sending students abroad and a target list should be drawn up. A targeted marketing plan should be devised based on this list and with the advice of local marketing experts.

While over-reliance on agents for promotion is not advisable, at the same time agents should be provided with better information and/or training regarding Australia’s offering in the English-language study tour market and schools (see 11.5).

(For more detail on Australia’s relative strengths and weaknesses, see Section 10: Benchmarking study.)

11.2.1.4 Chinese government policy regarding the recognition of distance education degrees granted by foreign institutions should be closely monitored. The government is eager to promote the development of distance education not only as a means of expanding access to higher education for those in remote areas but also as a means of promoting life-long education. At the time this report was prepared, degrees granted through distance education by foreign institutions are not recognised in China and this presents an obstacle for foreign providers.

11.2.1.5 Consideration should be given by relevant government authorities to the development of a practical training programme that allows students who plan to return to China to gain overseas work experience without going through the process of obtaining a work permit. The Chinese government is very concerned with developing skills that are needed in the marketplace and employers have expressed concern about a lack of practical training on the part of new hires. Most competitor nations offer such practical training programmes, which are designed to enable foreign students to work in the host countries for a limited period after completing their course of
study without applying for a work permit. (Appendix 16 provides additional information on competitor countries’ practical training programmes and work schemes.)

11.2.1.6. Higher education providers should consider the needs of China’s employment market when determining which courses to offer or to promote in China. For details on which skills are in demand, see Section 2 on China’s economy and labour market.

11.2.2 Vocational and technical education

11.2.2.1 Australian VTE providers should be more proactive at the policy dialogue level. VTE is still a niche market in China, but could grow very quickly once jurisdictional complications are resolved. We believe that China’s determination to upgrade its vocational training must be matched by a more integrated approach to policymaking and funding in this sector. Overlapping jurisdictional responsibilities between the MoE and the Ministry of Labour and Social Security are likely to hamper progress and will probably require adjudication at the State Council level.

Provision of VTE courses—in China, as preparatory courses for further studies, or in Australia—will continue to offer commercial opportunities for Australian educators. Recruitment into onshore and offshore Australian VTE programmes will probably continue in the same trajectory (that is, a lopsided concentration on IT, business or ELICOS training for in-China provision, and pathway courses leading to further in-Australia studies). What is striking is that the occupational and para-professional training, which is a hallmark of the TAFE approach, is lacking in the delivery of VTE training in China.

On a strategic level, there will be opportunities for policy dialogue on the Australian model of VTE, as China’s educational policymakers assess the relative merits of various national vocational models (German, British, etc.) in preparation for the adoption of a VTE training programme “with Chinese characteristics”. Chinese education officials must be persuaded that the Australian model is capable of delivering the quality and breadth of training that China needs, and can do so within China, given the right support and partnerships. To date, most VTE programmes in China have been subsidised, and while the shift from subsidies to cost-recovery is difficult, we believe it is key to the sustainability of Australian VTE delivery in China.

Practical recommendations in this respect could include collaboration with relevant Australian government departments and agencies, to formulate the following proposals:

- Encourage China to look at funding models and incentives for the private sector (and SOEs) to take on apprenticeships and sponsor in-house training to upgrade job skills.

- Involve Chinese industry associations in industry-wide training and jobs certification programmes. Australian VTE providers, in partnership with Industry Training Advisory Bodies (ITABs), can assist with this. At present, industry associations in China have been ineffectual at raising or consolidating industry standards for competency, national qualifications or assessment guidelines. Many para-professional training courses in China are...
delivered by non-academic providers, often through in-house sessions (e.g. Motorola University) or through joint-venture arrangements (e.g. Shell providing training to PetroChina). Japanese companies are particularly renowned for their meticulous approach to training, and their subsequent “grey collar” corps of technicians forms the base of skilled workforces at Japanese electronics and auto plants throughout China.

- Involve the All China Federation of Trade Unions in training and apprenticeship programmes.
- Recommend that linkages between vocational and academic training in China be tightened, allowing for more crossover enrolment. Recent initiatives, such as the ILO offering vocational/entrepreneurial training to university students, should be broadened.
- Practical “sandwich” or co-op courses should be introduced into vocational training, so that an internship or practicum is integrated into the diploma or degree programme.

11.2.2 Incentives for long-term cooperation should be considered. Chinese demand for educational alliances centred on technical training will increase. In order to maintain such alliances for more than a short period, Australian providers should ensure that incentives for long-term co-operation, such as curricula that will require frequent updating, are in place.

11.2.3 VTE providers should consider the needs of China’s employment market when determining which courses to offer or to promote in China. For details on which skills are in demand, see Section 2 on China’s economy and labour market.

11.2.3 Schools

11.2.3.1 Agents/parents should be provided with more information regarding Australian schools, specifically on the quality of education and pastoral care arrangements for students. Agents interviewed for this study suggested that the fall in the number of students attending high school in Australia was due to the fact that it is difficult to gain admission to good private schools and that there is limited control over where foreign students will be sent within state systems. Agents suggested that Australia limit the number of high schools available to foreign students and monitor these more closely, while at the same time preparing introductory promotional documents that would give parents more information on issues such as pastoral care.

11.2.3.2 The development of more streamlined visa processes relating to language requirements would support the marketing of schools. Confusion over the current IELTS requirement in the visa regime was also considered detrimental—agents interviewed understood that there is an IELTS requirement for high school students and that the Australian government has only temporarily waived this requirement. In our survey of 15 leading agents (see Appendix 1), six of the agents suggested that language requirements were a major reason for the decline in the number of students coming to Australian schools and the same number pointed to the concerns of parents for the
safety of their children. The majority of competitor nations do not have IELTS-type requirements.

11.2.3.3 *Tuition fees and other associated costs should be reviewed.* In our survey of 15 leading agents (see Appendix 1), eight of the agents cited increased or high costs as the main reason for the decline in the number of students going to Australia (in response to an open-ended question on the subject).

11.2.4 ELICOS

11.2.4.1 Study packages

11.2.4.1.1 *Consideration should be given by relevant government authorities to the development of a specific visa category for “language-based study tours” to support the marketing of ELICOS.* At least two of the operators interviewed reported that they had been frustrated by differences in processing times and outcomes that they had experienced in different centres for visa applications. It was suggested that this problem could be overcome by the creation of a specific visa category for language-based study tours. To address pastoral care issues, Australian authorities and education providers may also consider creating a policy environment and supply-side infrastructure to enable parents to accompany their child on these tours.

11.2.4.1.2 *ELICOS providers should work with tourism promotion bodies to create products.* Interviews with school-run operators suggest that Australia’s attraction as a tourist destination can be leveraged to attract high-calibre, high-net-worth students on study tours. This could lead students who would normally study elsewhere to study in Australia at a tertiary level.

11.2.4.2 Stand-alone ELICOS

11.2.4.2.1 *ELICOS providers should draw comparisons with Japan and the Republic of Korea.* A survey of stand-alone ELICOS students from Japan and the Republic of Korea would provide insights into the level of income and career plans or other motivations of students studying English in Australia. This would help to provide a better understanding of how Australia might attract Chinese students to this area.

11.2.4.2.2 *Work with agents to promote the concept of stand-alone ELICOS study.* Australian providers should work with agents to promote the concept of independent ELICOS. Given the fact that many of China’s larger education agents also own or are affiliated with English schools, and hence have a vested interest in encouraging students to study at home in China, it may be wise to attempt to form alliances with smaller agents.
Appendix 1--Surveys

Household survey
A survey of 150 households with children at secondary school age was conducted in the cities of Beijing, Chongqing, Guangzhou, Shanghai and Wuhan. The survey was conducted face-to-face in Chinese by All China Strategic Research (ACSR) using a standard survey questionnaire.

The survey targeted the following demographics:

- Number: 150 households with children at secondary school age (at least 14 years of age) and an income that would afford education overseas (upwards of Rmb8,000 per month in Shanghai, Beijing and Guangzhou, and upwards of Rmb5,000 per month in Wuhan, Chengdu/Chongqing based on the different income levels in these cities). (Note: Some stakeholders expressed concern that these income levels were too low. However, our survey partner and research team in China assured us that they were appropriate. In the Chinese context Rmb8,000 per month is a very high income bracket even in the more prosperous cities. In addition, Chinese families would seek help from relatives, friends, banks, etc. Moreover, income in China is routinely understated to avoid taxation.)

- Geography: We conducted the survey in each of the following five cities: Beijing, Chongqing, Guangzhou, Shanghai and Wuhan. The first three cities/prefectures already supply large numbers of students to Australia, while the latter two are potential emerging markets. The choice of cities also provided a greater diversity of respondents in terms of geographical location, industrial base, etc.

- All of the household respondents had intentions to send their children abroad (ie, will be actively seeking information from agents, counsellors, etc) or had considered and rejected the idea. (This was to ensure respondents had some informed opinion.)
Section 1: About your household

1) What is your annual household income?
   a. Rmb60,000 – 120,000
   b. Rmb120,000 – 300,000
   c. Rmb300,000– 580,000
   d. Rmb580,000 and above

2) In what grade is your child enrolled?
   a. Grade 3 of Junior High (Grade 9)
   b. Grade 1 of Senior High (Grade 10)
   c. Grade 2 of Senior High (Grade 11)
   d. Grade 3 of Senior High (Grade 12)

3) What is the gender of your child?
   a. Male
   b. Female

4) What area is your child studying?
   a. Sciences (eg mathematics, physics, chemistry, biology)
   b. Liberal arts (eg a foreign language, history, geography, physical education, music, art)
   c. Vocational/technical subjects
   d. He/she does not focus on a special area
   e. Other (please specify) ___________

5) Has your child indicated which subject s/he is interested in pursuing at the further education level?
   a. No
   b. Yes (please specify) __________

6) Have you considered or are you considering sending your child abroad for secondary school education?
   a. Yes, I have considered it but decided not to send him/her
   b. Yes, I plan to send him/her
   c. Yes, I am still considering it
   d. No, I have not considered it

   If you answered “No” to question 6 above, please move to question 8.

7) If you are considering sending your child abroad for secondary school education, what is the main reason for doing so? (Choose all that apply)
   a. It will be good preparation for higher education abroad
   b. The education environment abroad is more relaxed
   c. It will help him/her improve his/her English
   d. S/he cannot gain entry into a high-quality secondary school in China
   e. Other (please specify) ______________________

   Please proceed to question 9.
8) If you are not considering sending your child abroad for secondary school education, what is the main reason? (Choose all that apply)
   a. Cost
   b. S/he can get a good education at home
   c. I am concerned about lack of parental supervision
   d. My child is too young to take care of himself/herself
   e. I think the Chinese secondary education system is better than those overseas
   f. It is too difficult to obtain a visa
   g. Other (please specify) ____________

9) What is your view of tertiary vocational education?
   a. Vocational programmes are only for children who cannot gain entrance to university
   b. Vocational programmes are useful but I would prefer that my child go to university
   c. Vocational programmes are useful and I will send my child to such a programme
   d. Vocational programmes are a useful way to gain entrance to university
   e. I have never considered vocational programmes/I don’t know much about vocational programmes
   f. Other (please specify) __________________

Section 2: Decision-making process

10) What kind of overseas programmes are you considering for your child? (Choose all that apply)
    a. Secondary school
    b. Tertiary vocational education and training programmes
    c. Intensive English-language programmes
    d. Undergraduate programmes
    e. Graduate/postgraduate programmes

11) If you are planning to send your child abroad for post-secondary education, please indicate the reasons why. (Choose all that apply)
    a. My child has indicated his/her interest in studying overseas
    b. S/he may not be accepted by a top university in China
    c. I would like him/her to improve foreign language capability
    d. To broaden his/her horizons
    e. The quality of post-secondary education is better overseas
    f. The education environment is more relaxed overseas
    g. It is a pathway for him/her to obtain permanent residency overseas
    h. It will be easier for him/her to find a job in China
    i. S/he will be able to earn more money with a foreign degree
    j. There are more employment opportunities overseas
    k. Other (please specify) __________

12) What is the major goal of sending your child to study abroad?
    a. To enable him/her to get a job with a foreign company in China
    b. To enable him/her to get a job with a good domestic company in China
    c. To enable him/her to get a job with a joint-venture company in China
d. To enable him/her to take over the family business

e. To help him/her gain entrance to a Chinese university

g. To enable him/her to gain fluency in English

h. Other (please specify) ___________

13) When researching schools and education programmes, which sources of
information do you consider to be most trustworthy? Please rank each of the
following from 1 to 5, with 1 = trustworthy, 2 = somewhat trustworthy, 3 =
somewhat untrustworthy, 4 = not trustworthy, 5 = not applicable/no opinion.

a. Teacher/counsellor in secondary school

b. Direct contact with the institution

c. Educational agencies in China

d. Educational agencies in host country

e. Embassies/consulates (official education agencies of foreign countries)

f. Relatives and/or friends who have children overseas

g. Education fairs/lectures organised by host countries’ representatives

h. Education fairs/lectures organised by Chinese agencies

i. Media reports on overseas education

j. Rankings of educational institutions (as reported in the media)

k. Internet (please specify, eg, education-related portals, chat rooms, etc

14) Please rank how the following factors influence your decision on where you will
be sending your child for education. Please rank each of the following from 1 to
5, with 1 = of critical importance, 2 = of great importance, 3 = of moderate
importance, 4 = of minor importance, 5 = unimportant

a. My child’s preference

b. General impression of the country

c. Overall reputation of a particular school

d. Matching child’s preferred major to a country’s strengths in that discipline

e. Matching child’s preferred major to an institution’s strengths in that
discipline

f. Costs

h. Host country’s regulations on allowing foreign students to work while
pursuing their education

i. Presence of friends/relatives in host country

j. Ease of obtaining student visa

k. Considering which course of study could lead to permanent residency

l. Other (please specify) ___________

15) Of the factors listed above, which one is the most important? ________________

16) If you are considering education abroad, which countries are you considering?
Please rank each of the following from 1 to 5, with 1 = strongly considering, 2 =
considering, 3 = likely to consider, 4 = unlikely to consider, 5 = definitely not
considering

a. Australia

b. Canada

c. France
d. Germany

e. Japan

f. New Zealand

g. Singapore

h. United Kingdom

i. United States

j. Other (please specify) ______

17) If cost were not a factor in your decision, which would be your country of preference?

a. Australia

b. Canada

c. France

d. Germany

e. Japan

f. New Zealand

g. Singapore

h. United Kingdom

i. United States

j. Other (please specify) ______

18) Why would you pick that country? ______________________________________________________________

19) What concerns do you have about sending your child overseas? Please rank each of the following concerns from 1 to 5, with 1 = of critical importance, 2 = of great importance, 3 = of moderate importance, 4 = of minor importance, 5 = unimportant

a. Perception of Chinese people in host country

b. Ability to adapt to new culture

c. Ability to get along with other students

d. Safety/security

e. Disciplinary issues (ie lack of parental supervision may lead to bad habits)

f. Affordability

g. Access to assistance dedicated to international students

h. Legal protection of international students’ rights

i. Not applicable

j. Others (please specify) ____________________

Section 3: Programmes

20) If you are considering vocational education and training programmes and/or English-language programmes overseas, will you use these to gain entrance to university?

a. Yes

b. No

c. Not applicable

21) Do you think there could be benefits in seeking tertiary vocational education and training programmes overseas?

a. Yes, because __________
b. No
c. Don’t know

22) Are you planning to send your child to an intensive English-language training programme to prepare for overseas study?
   a. Yes, in China
   b. Yes, in the country where I would like to send my child
   c. No, these programmes are too expensive in China
   d. No, these programmes are too expensive in the destination country
   e. No, my child does not need language training

23) When considering educational programmes abroad, do you make any distinctions between those offered by state-owned institutions and those run by the private sector?
   a. Yes, I believe state-owned institutions are more trustworthy
   b. Yes, I believe private-sector institutions are better quality
   c. Yes, I believe state-owned institutions are better quality
   d. No, I don’t believe there is any difference
   e. No, I have not considered the difference
   f. Don’t know

24) When you try to learn about an institution, how important is the following information? Please rank each of the following from 1 to 5, with 1 = of critical importance, 2 = of great importance, 3 = of moderate importance, 4 = of minor importance, 5 = unimportant
   a. Admission requirements
   b. Tuition and financial aid
   c. Estimated cost of living
   d. Majors and degrees offered
   e. Qualifications of faculty
   f. Post-graduation career statistics
   g. Number of international students
   h. Facilities on campus
   i. Information about area surrounding campus
   j. Athletics and extra-curricular programmes
   k. Standing in international/host country rankings

25) How important is it that overseas educational institutions offer the following services to international students? Please rank each of the following from 1 to 5, with 1 = of critical importance, 2 = of great importance, 3 = of moderate importance, 4 = of minor importance, 5 = unimportant
   a. Airport pick-up and drop-off
   b. International students’ orientation programmes
   c. Counselling on living in a different culture
   d. Additional support for reading and writing in host country’s language
   e. Advice on renewing student visa
   f. Advice on post-graduation visa issues
   g. Housing
   h. Employment services
   i. Financial aid
26) Are you aware of any foreign university programmes taught in China?
   a. No
   b. Yes (please specify) _____________________________

27) Are you aware of any foreign vocational programmes taught in China?
   a. No
   b. Yes (please specify) _____________________________

28) What is your perception of foreign programmes taught in China? Please indicate whether you agree or disagree. [options: agree, disagree, don’t know].
   a. Courses offered by foreign institutions in China are just as good as courses offered at their campuses overseas
   b. Faculty is just as good as faculty teaching at their overseas campus
   c. The degree/certificate offered is just as competitive in the job market as the degree/certificate overseas
   d. The opportunity to improve language capability is just as good at programmes offered in China as it is overseas
   e. Programmes offered in China are a good solution for parents who do not want their child to live too far away from home
   f. It is a cost-effective way to obtain an overseas degree/certificate

29) What is your perception of joint programmes offered by Chinese and foreign institutions, if part of the programme includes one year of studying abroad? Please indicate whether you agree or disagree [options: agree, disagree, don’t know].
   a. It is a cost-effective way for my child to improve his/her language capabilities
   b. It will broaden my child’s horizons
   c. The degree offered is just as competitive in the job market as the degree overseas
   d. It is a good combination of Chinese and foreign curricula
   e. It is a cost-effective way to obtain a degree
   f. Other (please specify) _____________________________

30) What is your impression of the Australian post-secondary education system? (Choose all that apply)
   a. It is a good education system, but not as good as that of other countries
   b. It is a good education system and I would happily send my child to Australia to study
   c. I have not heard much about education in Australia
   d. Australia is a good place to study because it is an English-speaking country and a safe country
   e. Others (please specify) _____________________________

31) Are you aware of any education programmes offered in China by Australian institutions?
   a. No
   b. Yes (please specify) ______________
32) Based on what you know about the Chinese government’s plans for the education sector, what do you think will happen to the sector in the next five years? (Choose all that apply)
   a. The quality of education will improve
   b. The quality of education will remain the same
   c. The quality of education will decline
   d. The number of university places will increase
   e. Education in China will become more international
   f. Education in China will become more competitive than education overseas
   g. Fewer students will go overseas
   h. More students will go overseas
   i. Other (please specify) ______________________

33) What are your thoughts on distance education (degree programmes offered outside of a classroom setting, eg online, by correspondence, etc)? (Open-ended question)
Employer survey
A total of 123 employers responded to our survey, as follows: 68 multinational subsidiaries, 38 local companies and 17 government agencies. A standard survey questionnaire was used. An online survey tool and email campaign (in English) were used to reach multinational survey respondents, while local companies and government agencies were reached through a combination of online surveying (English-language) and telephone and face-to-face surveying (in Chinese) by All China Strategic Research (ACSR). The following questionnaire was used:

The EIU is conducting a research project on international education in China on behalf of DEST. As part of the research we are conducting a survey of employers in China, aimed at executives with knowledge of their human resources practices. In return for your participation you will receive a summary of the survey results.

Survey of employers (multinationals, large domestic enterprises and government agencies)

Section 1: About your organisation

1. To what category does your organisation belong?
   a) Private domestic enterprise
   b) State-owned or holding enterprise
   c) Collective enterprise
   d) Other limited liabilities company
   e) Foreign enterprise (joint venture, wholly foreign owned, sino-foreign co-operative enterprise)
   f) Government agency (please specify sector of specialisation)

2. What was your organisation’s turnover in China last year?
   a) < US$20m (To convert to Rmb)
   b) US$21m-50m  2100万-5000
   c) US$51m-100m
   d) US$101m-200m
   e) >US$200m
   f) Not applicable (government agency)

3. What is your main industry?
   a) Agriculture and agribusiness
   b) Automotive
   c) Chemicals
   d) Construction and real estate
   e) Consumer goods
   f) Education
   g) Energy and natural resources
   h) Entertainment, media and publishing
   i) Financial services
   j) Government
   k) Healthcare, pharmaceuticals and biotechnology
   l) IT and technology
m) Logistics and distribution
n) Manufacturing
o) Professional services
p) Retailing
q) Telecoms
r) Transportation, travel and tourism
s) Other (please specify)

4. Which of the following best describes your title?
   a) Board member
   b) CEO/President/Managing Director
   c) CFO/Treasurer/Comptroller
   d) CIO/Technology director
   e) Other C-level executive
   f) SVP/VP/Director
   g) Head of Business Unit
   h) Head of Department
   i) Human resources director/manager
   j) Manager
   k) Other (please specify)

5. Is your organisation sponsoring Chinese students? (Select all that apply)
   a) Yes, at universities in China
   b) Yes, at universities abroad
   c) Yes, at vocational and technical training programmes in China
   d) Yes, at vocational and technical training programmes abroad
   e) No, we are not sponsoring Chinese students
   f) Other (please specify)

Section 2: About your organisation’s workforce

6. Approximately what percentage of your organisation’s workforce has a post-secondary education (eg a vocational certificate or a university degree)?
   a) Up to 25%
   b) 25-50%
   c) 51-75%
   d) 76-100%

7. What are the skills that you look for in a job candidate? Please rate each skill from 1 to 5, where 1=Critically important and 5=Unimportant

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Communication skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Critical thinking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Functional skills (eg finance, operations)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Industry knowledge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Interpersonal skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Experience navigating the business environment in China</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
8. In which roles are you most likely to employ a graduate of the following programmes?

<table>
<thead>
<tr>
<th>Role</th>
<th>Graduates of overseas university</th>
<th>Graduates of overseas vocational programme</th>
<th>Graduates of local universities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factory floor operator</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factory floor supervisor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entry-level staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management trainee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post-graduate school management trainee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle manager</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior manager</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If your organisation does employ graduates from abroad, please skip to question 10.
If your organisation does not employ graduates from institutions abroad, please answer question 9. If it does employ graduates from institutions abroad, please answer questions 10, 11 and 12.

9. If your organisation does not employ graduates from institutions abroad, what are the reasons? (Choose all that apply)
   a) Company policy
   b) Such graduates demand a higher salary
   c) Such graduates have difficulty getting along with other staff
   d) The education of such graduates is not appropriate for the China market
   e) We are able to meet our requirements with graduates from local institutions
   f) Other (please specify)

Now move to question 13.

10. If your organisation employs graduates from institutions abroad, what are the main reasons you would choose such a graduate over a graduate from a local institution? (Choose up to three)
    a) Such graduates have better English-language skills
    b) Such graduates are more creative
    c) Such graduates are good problem solvers
    d) Such graduates are well-trained
    e) Our company needs staff that can understand and communicate with business people overseas and expatriate staff
    f) The quality of education abroad is superior
    g) There is a shortage of qualified graduates from local institutions
    h) Such graduates are a better fit with our corporate culture
i) Other (please specify)

11. If you do employ graduates from abroad, in which country were they educated? (Choose all that apply)
   a) Australia
   b) Canada
   c) France
   d) Germany
   e) Japan
   f) New Zealand
   g) Singapore
   h) United Kingdom
   i) United States
   j) Other (please specify)

12. If your organisation does employ graduates from abroad, how were they recruited? (Select all that apply)
   a) By approaching career services at selected schools
   b) By clauses stipulated in scholarship programmes
   c) Through recruitment fairs at selected schools
   d) Through employment agencies
   e) Graduate found job through advertisement
   f) No deliberate company effort, graduate found job through personal network
   g) Don’t know
   h) Other (please specify)

13. How satisfied are you with the following types of employees at your company?

<table>
<thead>
<tr>
<th>Types of Employees</th>
<th>Very satisfied</th>
<th>Satisfied</th>
<th>Not satisfied</th>
<th>Not applicable/Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduates from Chinese universities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduates from universities abroad</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduates from local vocational programmes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduates from vocational programmes abroad</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

14. If you answered “Not satisfied” in question 13, what are the main reasons for your dissatisfaction? (Choose up to three)
   a) Graduates lack creativity
   b) Graduates lack initiative
   c) Graduates lack knowledge of global trends
   d) Graduates are not equipped with the skills needed to excel in the position
   e) Graduates have poor English-language skills
f) Graduates lack interpersonal skills  
g) Graduates have poor technical knowledge  
h) Graduates lack problem-solving skills  
i) Other (please specify)

Section 3: The labour market in China

15. Does your organisation have difficulty recruiting adequately skilled staff?  
   a) Yes  
   b) No

If you answered “No” to question 15 above, please go to question 18.

16. If you do have difficulty recruiting adequately skilled staff, what are the main reasons? (Choose up to three)  
   a) Not enough graduates in my organisation’s industry sector  
   b) The skills level of graduates is unsatisfactory  
   c) My company’s geographic location  
   d) Competition from other employers  
   e) Cannot find candidates that fit in our corporate culture  
   f) Cannot find candidates that possess the necessary qualifications  
   g) Other (please specify)

17. In what areas does your organisation have the most difficulty in recruiting staff?  
   (Choose up to three)  
   a) Management level  
   b) Accounting/finance  
   c) Sales  
   d) Marketing  
   e) Legal  
   f) Finance  
   h) Human resources  
   i) Administrative staff  
   j) Staff with industry expertise  
   k) None of the above  
   l) Don’t know  
   m) Others (please specify)

18. Thinking about your own industry, in your view how much demand will there be for candidates with university or graduate degrees in these areas over the next five years?  
   Rate each area on a scale of 1 to 5, where 1=Critical demand and 5=No demand.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Business/commerce (undergraduate)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Management (MBA)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Finance and accounting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Law</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) IT/Computer sciences</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Mathematics/Statistics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
g) Engineering
h) Medicine
i) Biology/Biochemistry
j) Chemistry
k) Physics
l) Liberal arts (eg literature, history, politics)
m) Psychology
n) Education
o) Sales and Marketing
p) Human Resources
q) Other (please specify)

19. The Chinese government plans to increase promotion of vocational and technical education (VTE). With your own company’s needs in mind, what VTE programmes do you think should be expanded or introduced (eg business administration, hospitality and transport)?

Section 4: Tertiary education in China

20. How familiar are you with the following types of programmes in China?

<table>
<thead>
<tr>
<th>Programme</th>
<th>Very familiar</th>
<th>Familiar</th>
<th>Not familiar</th>
</tr>
</thead>
<tbody>
<tr>
<td>University twinning programmes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign-affiliated programmes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vocational training programmes offered by foreign operators</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>English-language schools operated by foreign operators</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

21. What is your view of the English-language training available in China? (Choose all that apply)
   a) The training available in China is good enough for the local economy
   b) The quality of training available in China is inconsistent
   c) The training available in China can be excellent
   d) The training available in China is not of very high quality

Section 5: International education

22. How would you rank the following countries in terms of the quality of the tertiary education that they offer? (1 = best quality; 10 = lowest quality)
Which of the following countries offer the best quality of tertiary education? Select up to three choices.
   a) Australia
   b) Canada
   c) France
   d) Germany
   e) Japan
23. When forming an opinion of the quality of tertiary education offered by various countries (as in question 22 above), how important are the following sources of information? Please rate each source on a scale of 1 to 5, where 1=Critically important and 5=Unimportant.

<table>
<thead>
<tr>
<th>Source</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal experience</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience of friends/relatives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rankings of educational institutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Media reports (news story)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience at work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General impression</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others (please specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

24. Would your organisation consider hiring a graduate of a distance education programme (degree courses offered mostly outside of a classroom setting, such as online or by correspondence)?
   a) Yes, if the programme is offered by a reputable institution
   b) Yes, regardless of which institution offers the programme
   c) No (please specify why)____________

25. Numerous foreign universities are offering programmes in China in conjunction with local institutions. What is your view of such programmes? (Choose all that apply)
   a) Such programmes are inferior to those offered overseas, regardless of the partner institution
   b) Such programmes are of equal quality to those offered overseas if they are offered by a reputable institution
   c) Such programmes offer a good training ground to prepare cross-cultural managers
   d) Such programmes are good value for money
   e) Other (please specify)

26. Numerous foreign providers are offering vocational and technical programmes in China in conjunction with local institutions. What is your view of such programmes? (Choose all that apply)
   a) Such programmes are inferior to those offered overseas, regardless of the partner institution
   b) Such programmes are of equal quality to those offered overseas if they are offered by a reputable institution
   c) Such programmes offer a good training ground to prepare cross-cultural managers
   d) Such programmes are good value for money
   e) Other (please specify)
27. If you selected option #1 ("Inferior") in either of the previous two questions, what is the main reason you feel that programmes offered in China are inferior?
   a) Students in such programmes do not gain exposure to different countries/cultures
   b) Students are not immersed in a foreign language 24 hours a day
   c) Students may not receive the same quality of education as that offered overseas
   d) Others (please specify)

28. Based on your experience, what role do you see for foreign education providers in China?
Agent survey

A total of 15 education agents were surveyed by our researchers in Chinese using a standard survey questionnaire in Chinese. A combination of phone and fax was used to obtain responses.

From agents we are trying to understand:

a. Who influences decisions on where students go to school
b. Where agents get their information
c. What influence do embassies/consulates have on agents?

The following questionnaire was used:

Section 1: About the agency

1) What is the history behind the establishment of this agency? (Choose all that apply)
   a) It was established under the authority of a government organisation or education institution
   b) It was established as an independent commercial company
   c) Other (please specify) ______________________

2) Which countries account for the majority of your business?
   a) Australia
   b) Canada
   c) New Zealand
   d) Singapore
   e) United Kingdom
   f) United States
   g) France
   h) Germany
   i) Japan
   j) Other (please specify) _______________

3) What types of institutions do you represent? (Choose all that apply)
   a) Vocational education and training
   b) English-language schools
   c) Junior college / community college
   d) Universities (undergraduate programmes)
   e) Universities (graduate programmes)
   f) Schools (eg, secondary school)
   g) Other (please specify) _______________

4) How many institutions do you represent?
   a) < 5
   b) 5-10
   c) >10

5) What percentage of the institutions you represent has been visited by you or your staff?
   a) 0-25%
b) 26-50%
c) 51-75%
d) 76-100%

6) How do you/your staff keep up to date on educational opportunities offered in various countries? (Choose all that apply)
   a) Information/training sessions offered by embassies/consulates
   b) Industry newsletters
   c) Overseas agents with which I have co-operative arrangements
   d) Correspondence directly from the institutions
   e) Others (please specify) ________________

7) If you/your staff attend information/training sessions offered by embassies/consulates, how would you rate them for usefulness?
   a) They are generally very useful
   b) They are somewhat useful
   c) Some are more useful than others
   d) They are generally not useful

8) Have you or your staff participated in training programmes conducted by the Australian embassy/consulate offices?
   a) Yes
   b) No

9) If you answered "Yes" above, how would you rate the programmes offered by the Australian embassy/consulate?
   a) They are generally very useful
   b) They are somewhat useful
   c) Some are more useful than others
   d) They are generally not useful

10) Do you promote some institutions more than others?
   Yes
   No

If yes, why? (Choose all that apply)
   a) They are more popular with Chinese students
   b) Chinese students can easily gain entry to them
   c) They guarantee admission when the student applies through my agency
   d) They pay a higher commission
   e) The institutions provide good training and support
   f) Others (please specify) ________________

11) In the course of recruiting students, with whom do you work directly?
   a) The institutions for which I am recruiting
   b) A government agency
   c) An independent agent in the host country
   d) Others (please specify) ________________

12) With what proportion of the institutions you represent do you have contracts?
   a) 0%
b) 1-25%
c) 26-50%
d) 51-75%
e) 76-100%

Section 2: Marketing your services

13) What services do you provide? (Choose all that apply)
   a) We provide counselling about education systems overseas
   b) We provide information about various schools and universities
   c) We assess student’s strengths and weaknesses and recommend programmes accordingly
   d) We help parents calculate the costs of sending their child overseas
   e) We assist parents and students in the application process
   f) We assist parents and students from the time of application to admission
   g) We assist parents and students in obtaining student visas
   h) We provide airport pick-up services in the host country
   i) We provide services to help students adjust in the host country
   j) Others (please specify)____________________

14) How do you market your services? (Choose all that apply)
   a) Direct marketing
   b) Government-sponsored fairs
   c) Word of mouth
   d) Promotion at secondary schools
   e) Internet advertising/portal
   f) Newspaper advertising
   g) Others (please specify) __________________________

15) How do you differentiate yourself from your competitors?

Section 3: Interest in international education in China

16) Approximately how many enquiries do you receive on a yearly basis?
   a) <100
   b) 100-200
   c) 201-400
   d) 401-600
   e) 601-800
   f) 801-1,000
   g) > 1,000

17) What are the most common areas of enquiry from your clients? (Choose up to three)
   a) Quality of education
   b) Ease of obtaining student visa
   c) Possibility of permanent residency in host country
   d) Right to work while studying in host country
   e) Lifestyle in host country
   f) Acceptance of Chinese students in host country
   g) Cost
   h) Safety
i) Ranking of various universities
j) Others (please specify) __________________________

18) Approximately what percentage of students approaching your agency have already made some decisions about where they want to study (ie, they have decided the country or the institution)?
   a) 0-25%
   b) 26-50%
   c) 51-75%
   d) 76-100%

19) In your experience, what is the first decision that students/families make about an overseas education?
   a) They first decide in which country they want to study
   b) They first decide at which school/institution/university they want to study
   c) They first decide which course (eg law) they want to study
   d) Others (please specify) __________________________

20) What percentage of students coming to your agency end up studying in the country about which they first enquired?
   a) 0-25%
   b) 26-50%
   c) 51-75%
   d) 76-100%

21) Based on your experience, what are the reasons given for parents wanting to send their child to study abroad? (Choose up to three)
   a) Child is not competitive enough to gain admission to a Chinese university
   b) The education environment is more relaxed overseas
   c) Overseas education is more competitive than education in China
   d) To broaden a child's horizons
   e) To improve language ability
   f) To open up better employment prospects in China
   g) To open up the possibility for a child to live overseas permanently

22) It is our understanding that the number of students going to Australia for secondary school education has fallen substantially. Based on your experience, what is the reason for this?

23) Based on your experience, how are overseas vocational education and training programmes viewed?
   a) They could serve as a pathway for university admission
   b) They are only for children who cannot gain entrance to university
   c) They are useful for enhancing employment prospects in China
   d) They are a means to emigrate to the destination country
   e) They are too costly compared to the salary a graduate can earn in China
   f) Other (please specify) __________________________
25) Based on your experience, how are overseas university degrees viewed?
   a) They are of better quality than programmes offered locally
   b) They are easier to gain entrance to
   c) They are a stepping stone to gaining permanent residency
   d) They improve employment opportunities
   e) Other (please specify) _________________________

26) Based on your experience, how are overseas English-language programmes viewed?
   a) They are regarded as mandatory preparation to enhance students' competitiveness in gaining admissions in universities
   b) Many tertiary graduates of Chinese institutions have demonstrated interest because they are keen to improve their language capability
   c) There is a lot of interest in them but they are deemed too expensive
   d) There is a lot of interest in them because students will get to learn English in an all-English-speaking environment
   e) Other (please specify)_______________________

27) Based on your experience, how are overseas secondary education programmes viewed?
   They could serve as a pathway for admission to a university overseas
   There is a lot of interest in these schools but they are too expensive
   There is a lot of interest in these schools but it is too difficult to obtain a visa
   They are better quality than secondary schools in China
   They are not as good as secondary schools in China
   They could be useful to enhance students’ competitiveness in gaining admissions in universities at home
   There is a lot of interest in them because students will get to learn English in an all-English-speaking environment
   Other (please specify) _________________________

28) Regarding which countries do you receive the most enquiries?
   a) Australia
   b) Canada
   c) New Zealand
   d) Singapore
   e) United Kingdom
   f) United States
   g) France
   h) Germany
   i) Japan
   j) Other (please specify) _________________

29) Based on your experience, if cost were not a factor, where would most parents prefer to send their child?
   a) Australia
   b) Canada
   c) China
   d) New Zealand

154
29) Why?

_____________________________________________________________________

30) What are the attractions of study in Australia compared with other countries you represent?
   a) Visa arrangements
   b) Cost
   c) Quality of education
   d) Time zone
   e) Climate
   f) Friendliness of people
   g) Many customers have relatives in Australia
   h) Others (please specify) ____________________________

31) In your experience, how long does it take to process student visas from the following countries:

For English-language study:
   a) Australia
   b) Canada
   c) China
   d) New Zealand
   e) Singapore
   f) United Kingdom
   g) United States

For secondary school study:
   a) Australia
   b) Canada
   c) China
   d) New Zealand
   e) Singapore
   f) United Kingdom
   g) United States

For vocational training:
   a) Australia
   b) Canada
   c) China
   d) New Zealand
e) Singapore
f) United Kingdom
g) United States

For higher education:
 a) Australia
 b) Canada
 c) China
 d) New Zealand
 e) Singapore
 f) United Kingdom
 g) United States

Additional questions, time permitting
32) Have you heard of Australia’s Education Services for Overseas Students Act?
   a) Yes
   b) No

33) Have you heard of Australia’s Commonwealth Register of Institutions and Courses for Overseas Students?
   a) Yes
   b) No

34) Do you use the recommended Ministry of Education standard service contract when engaging with clients?
   a) Yes
   b) No
Appendix 2—Interviews

In the course of researching this report, the following groups were interviewed:

- Education agents
- Representatives from schools and overseas brokers operating study tours/summer camps:
- Foreign government/organisation officials
- Chinese government/organisation officials
- Representatives of foreign providers, consultants and associations
- Employers
- Students

Methodology

Student interviews, Beijing Education Fair February 18th and 19th

Interviews with 35 students were conducted in English by bilingual staff using a printed aid (questions in Chinese). The aid was reverse translated to ensure consistency. The survey was conducted in English, as previous surveys performed by the researchers at similar events have shown surveys in English to be better received. Students were permitted to reply in either of Chinese or English. In order to increase the readiness of students to interact with the interviewers, staff members that were in the age bracket of attendees conducted the interviews.

The interview was structured, with a range of closed and open-ended questions. As the interview was primarily designed to elicit opinions, and changes of opinion, questions were kept to a minimum, with the emphasis on student input to the interview process. The interview structure was as follows:

(Note: Conducted in English, using a Chinese-language interview aid and bilingual staff.)

1. What is your primary reason for seeking to study overseas?

- Seeking to emigrate
- Find it difficult to gain entrance to a suitable university
- Believe it will improve my chances in the employment market when compared to the same Chinese qualification
- Other; details:

2. Have you considered applying to study at a joint venture (twinning) school or programme?

What were the reasons for this choice?

3. What type of overseas study most interests you?

- High School
- Foundation programmes
- Diploma level study
- Undergraduate
- Master's level
- PhD level
4. What country do you hope to study in? What are your reasons for this choice?

5. What is the most important factor you consider when choosing a country?

- Cost
- Immigration policy
- The ease of obtaining visas
- The reputation of the country's education system
- English as a native language
- Lifestyle & environment

6. Have you heard of any [foreign] government or official organisations that promote education from a particular country? Which ones?

7. Of the following people or information sources, who has the most influence on your study decisions?

- Classmates
- Family & relatives
- Agents
- The internet
- Information from prospective schools

8. How do you go about finding information about overseas study? What search engines?

9. Do you think newspaper advertisements are useful, or would you look at them?

10. If you often use the internet [in 7 or 8], which portals or sites do you use?

11. If you are unsuccessful in your quest for a visa, what will be your next move?

12. What is the major you plan to study? Why? What are your plans following study?

Thank you for your time

Educator and education agent interviews
Semi-structured interviews were conducted with approximately 30 educators and education agents on a range of topics, one of which was the impact of twinning programmes. Two bilingual staff attended all interviews, to ensure integrity of the data collection. However, the reluctance of interviewees prevented the recording of the interviews, but both interviewers took detailed notes. Interviews typically lasted for 90 minutes, of which approximately 20-30 minutes were spent on this topic. Interviewees were asked for their opinion on twinning programmes and the likely impact on numbers of students going overseas. In addition, every operator (Chinese party) on the MoE 2004 list of joint programmes conferring degrees was called to confirm the current status of the respective programme.

Embassy and trade official interviews
These interviews were semi-structured interviews conducted on a number of topics and typically lasted for 30 minutes. Interviews were primarily concerned with the national imperatives for the relevant nations and the support mechanisms in place for twinning programmes.
HR/Training manager interviews
Forty HR/Training managers were selected from the Universal Ideas database of several hundred managers. A list of companies consulted is contained in the appendix. Firms were asked whether or not graduates from twinning programmes would be considered for positions, whether these graduates would be considered in preference to holders of overseas degrees (or vice versa), and whether the university partners were important.
Appendix 3—Focus groups

Three focus groups were conducted by Universal Ideas Management Training Consultants involving a total of 28 graduates of or senior students of leading universities in Beijing and Shanghai.

- The first group was held at Haidian, Beijing, on March 1st 2006 with students (9 male and 1 female) from Tsinghua, Nanjing and Beijing universities. This group of students considered the US or UK their preferred destination for study.
- The second group was held at Haidian, Beijing, on April 4th 2006 with senior students (5 female and 3 male) of Renmin (People's) University. This group considered all countries equally in terms of destinations for study.
- The third group was held at Huanghelu, Shanghai, on April 1st 2006 with senior students (7 female and 3 male) of Jiaotong & Tongji University & JiGuang College (attached to Tongji). The students of this group had considered the United Kingdom, Japan, Holland, Australia, Germany and the United States in their preparation for study.

Students were recruited through contacts at the universities. It was a prerequisite that students be Chinese citizens with an interest in studying overseas in a postgraduate capacity. The students were asked to attend an evening session in a meeting room near to the university and were reimbursed the cost of travelling to the site.

A moderator, using a computer-based presentation of the logos and concepts to be investigated, guided the discussions. As per standard procedure, the focus groups were videotaped for further review. The focus groups and the review process were conducted in Mandarin Chinese. Each focus group lasted for one hour.

The focus groups were designed to capture the feelings of these students regarding various types of education with Australian involvement. To that effect, students were tested on recognition of various foreign government promotional bodies, impressions of joint-venture programmes and campuses, impressions of nations and impressions of national education systems. They were also asked for suggestions on how to make information about studying in Australia more accessible.

Prior to commencement of the focus group session, the moderator introduced some basic guidelines for the conduct of the session (ie do not talk over or cut off other participants as they are talking; if asked a question by the moderator, pause for a short time and formulate your own response before answering (this pause allows for unique responses).

Students were also told the basic principles of group discussion, ie there is no right or wrong answers, and students were encouraged to build on the responses given by others and/or add their critical evaluation of these responses.
Beijing focus group 1: Summary

The focus group followed the structure below.

Recognition of government promotional organisations/programmes

The students were shown the following pictures on individual slides, in the absence of text, to test their recognition of, and feeling towards, the images shown. This section was included as a warm-up activity.

Organisation Logos

British Council
Study in Australia
IDP

Responses

Recognition: None of them were recognised, and none of these were associated with education.

Impressions: The kangaroo image was seen as being representative of Australia, although one student thought it might not be Australia (in response to the comments of other students). It was thought that the blue logo might be related to a public toilet in some way.

(Note: The EducationUK logo was not shown to this group.)

Responses

Students were then shown the logos with the text included.

British Council

Recognition: One student in the group gave the name of the organisation. Two others expressed recognition once told the Chinese name.

Impression: The student who recognised the logo explained its function as disseminating information about British education.

Study in Australia

Responses
Impression: Students liked the fact that the Kangaroo was red, liked the use of brush strokes but felt no connection to education unless looking at it carefully and specifically choosing to read the English.

IDP

Responses

Recognition: Students did not know/recognise IDP.

Impressions: The students initially connected this organisation to the Netherlands, due to the orange leaf.

Joint-venture programmes (including "twinning")

“合作办学”("hezuobanxue")

What do you know about “hezuobanxue” (joint-venture programme)?

- China and overseas universities co-operating to deliver a course; a jointly invested university or co-operation on a specific subject.
- Not sure if Tsinghua has this, perhaps some American universities have linked with Tsinghua.
- Generally students that cannot get into other universities take these programmes.
- Schools that do this are generally not good schools, or are second-ranked schools.

In terms of reputation, students felt that:

- Universities from overseas could not possibly equal the reputation of Tsinghua within China.
- These programmes would be assessed on the reputation of the local Chinese partner.

[Students were at this point shown brochures from the Tsinghua School of Continuing Education concerning Masters programmes leading to foreign study.]

Would you choose “hezuobanxue” if you decide to obtain a postgraduate degree?

- The students took a dim view of programmes offered by the school at Tsinghua.
- The students were certain they would not study in these programmes.

How do you feel about studying overseas vs."hezuobanxue”? Chinese campuses?

- Students felt that there could not possibly be a true overseas study experience whilst staying in China.
- These programmes or campuses could be relevant except for students not from good schools.
Impression of countries or geopolitical entities

Reaction to name: *Europe*

* Represented by France, Germany, Holland
* Traditional – long history
* Beautiful nature and interesting food
* European Union

The group agreed that the English-speaking countries of Europe were (in order of quality):
  UK, Sweden, Holland

Ireland was not front-of-mind when discussing English-speaking countries in Europe. Students had little idea about Ireland in terms of geographical position or makeup.

Reaction to name: *America*

* Good environment
* 9/11
* Economically well-developed, high level of technology

Reaction to name: *Australia*

* Low population density
* Nice living environment
* Safe society
* Less people
* Country with not much to do
* Lots of Chinese people
* Immigration country

Reaction to name: *Singapore*

* Many Chinese people
* Developed nation with good economy

Reaction to name: *New Zealand*

* Lord of the Rings
* Beautiful country
* Good environment

Impression of the education of other countries

Reaction to: “*American Education*”

* Good equipment in schools for research
* World leading research
* Primary school and high school students not as smart as Chinese, but university is better
* Scholarships
* Harvard

Reaction to: “British Education”

* Traditional
  * Not as good as United States education, except Oxford
  * Masters degrees are shorter [implying low quality]

Reaction to: “Australian Education”

* Lots of Chinese students go there
* Chance for immigration
* Not as good as British or American
* Don't know anything about it.
* Melbourne and Sydney universities known
* Seen as equivalent to Tsinghua in quality

Singaporean and New Zealand education was seen as inferior to Tsinghua. South African education was out of the question.

**Traditional university shields vs logos**

(This group was not shown the Griffith transition.)

3.5.1 Cambridge University shield

![Cambridge University shield](image)

* Not recognised
* Felt is a British style of logo

**Impression of Ireland as a study destination when equipped with further information**

In order to test if the impression of an education system would be changed following the provision of further information, the students were provided with the following stimulus:

Ireland is the European economy with the highest growth, and is the largest exporter of software. Many of the world's leading software organisations have offices and research facilities there.

Reaction

---

43 There were a number of computing students in the group, hence this topic was chosen.
* Lack of awareness of these factors, even amongst computing graduates.

* This information was seen as unimportant. Students still saw the United States as the best choice.

* Computing graduates felt this information was not important to them.

Forming an overseas study choice

When considering study overseas, what would you consider first: major (school) or country?

* Choose country first, followed by university and then major.
* Two students said they might choose country and major simultaneously, then choose the best school.

How do you find information regarding the country and major information?

* Search on the internet, check websites of universities, ask friends.
* Through visiting professors. One student discussed his choice with a visiting professor from the London School of Economics who gave a lecture at Tsinghua.

Discussion and questions raised by the students

In response to a request for suggestions on how Australia could better promote itself, students advised that more scholarships would be the primary method of attracting the attention of students from Tsinghua. Students at Tsinghua considered themselves not as wealthy as students of smaller schools. The students felt that scholarships would have a cascading effect such that students would consider studying there based on the availability of scholarships, but even if not successful in obtaining a scholarship, would probably still consider going there once considerable time had been invested in preparation.

The students also mentioned links with Swedish universities and Tsinghua, and that they enjoyed attending lectures from these professors. More links were suggested as being beneficial for improving relationships.

Results

The students showed a moderate lack of awareness of the major government or quango organisations involved in the promotion of education; one student recognised the British Council. Recognition of this institution is consistent with assertions by some of the students that they had examined UK study opportunities prior to attending the focus group.

In terms of the impression of countries, several interesting points can be made.

- Students are not worried about bombings in the UK;
- Holland and Sweden are felt to be almost equivalent to English-speaking countries;

---

44 Quango: quasi non-government organisation.
There is limited awareness of Ireland; and
Australia is seen as a destination for students that are not good enough for the Chinese system.

This student group placed a particular emphasis on scholarships. The United States was seen as a place that would grant scholarships to the majority of Tsinghua students. Students suggested that the best way for Australian universities to improve their position in China would be to offer more scholarships and to have more exchanges with Chinese professors and students. Furthermore, Australia should have lecturers on exchange give lectures or talks to the wider student body, rather than just students of the faculty.
Beijing focus group 2: Summary

Recognition of government promotional organisations/programmes

The students were shown the following pictures on individual slides, in the absence of text, to test their recognition of, and feeling towards, the images shown. This section was included as a warm-up activity.

Organisation Logos

Education UK
British Council
IDP
Study Australia

Responses

Recognition: None of them were recognised, and none of these were associated with education.

Impressions: Kangaroo image was seen as the most impressive, seen as more characteristic image, instantly related to Australia, but not necessarily related to Australian education, perhaps related to the Puma brand of sportswear?

Respondents were then shown the logos with names.

Education UK

Responses

Recognition: Instantly recognised as a UK website.

Impressions: It is a website, a British logo, as there is UK in the image. “UK” is known by the students as United Kingdom.

British Council

Responses

Recognition: Still nil. However, once provided with the Chinese name there was some recognition (half of the group).

Impression: Seen as an education consulting organisation. Did not recall the Chinese name of this organisation.
**Study Australia**

*Responses*

Impression: Seen as a very sporty image.

Students were then asked if their impression would change if the logo was seen in an education context like a fair. Students advised that in such a context it would "definitely be related to Australian education". However, they advised that parents would not recognise the logo.

**IDP**

*Responses*

Recognition: Students did not know/recognise IDP.

Impressions:'Short of a leaf'. When told it was an Australian organisation for promoting education, the students indicated they would go seeking assistance from the Australian embassy regarding Australian universities.

**Joint-venture programmes (including "twinning")**

"合作办学"("hezuobanxue")

What do you know about “hezuobanxue" (joint-venture programmes):

"China and overseas joint-invested universities or co-operation on specific subjects."

"Chinese and overseas universities that have similar academic strengths set up an agreement to establish education co-operation programmes that allow students to study in China for two years, then overseas for two years, or in China for three years and overseas for one year."

"Receiving both degrees from both Chinese and overseas university. Teachers from overseas university come to China to teach."

"Certificate programmes operated by overseas universities in China. Not as formal as the degree programme."

**Why do you think Chinese universities want to operate “hezuobanxue” programmes?**

"To learn from each other, eg the US is more advanced in economics and Chinese schools want to learn from them. They can also bring up the Chinese school’s reputation."

"Students and parents have a mentality that believes that if students can go overseas to study for two years, it will be better than studying in China for fours years to obtain a degree. Also people want to study overseas."
"Chinese schools probably considered the fact that there are a lot of students who want to study overseas but many don’t have adequate funds or are restricted by many other conditions. So they have provided a platform for these groups of students to have the opportunity to obtain an overseas education without going abroad."

**Why do you think foreign universities have come to China to offer “hezuobanxue”?**

"Because it's profitable. They charge much higher fees."

"Overseas universities need to enhance their international reputation and China is a big market, has a big population. If they come to China through “hezuobanxue” it would help them to spread their names."

"Overseas universities have some world famous professors. They may think “hezuobanxue” will help them to spread their theories."

**Would you choose from “hezuobanxue” and go overseas to study if you decide to obtain a postgraduate degree?**

"If there is a “hezuobanxue” programme with one year in China and one year overseas, I would [consider] choosing it. Of course people want to study overseas, but there are too many restrictions, eg obtaining visas, preparing for exams, etc."

**How do you feel about studying overseas vs. “hezuobanxue”? Chinese campuses?**

"Hezuobanxue degrees are not respected as much as overseas degrees."

"If people have the [necessary] conditions, they still would want to study overseas."

(In relation to the onshore campus concept)

"[not attractive] Especially when the Chinese side [of the campus operator] or Chinese school’s reputation is not that of reputable universities."

"Ningbo Wanli (Nottingham) university is not attractive to students. If it was a “hezuobanxue” with Renmin University, its reputation would be different."

**Impression of countries or geopolitical entities**

Reaction to name: *Europe*

*Geographic concept
*Many countries
*Beautiful nature
*Football
*European Union and Euros

The group agreed that the English-speaking countries of Europe were (in order of quality):

    UK, Ireland, Holland
Reaction to name: **America**

* Big country
* Freedom and Hollywood
* American TV programmes: Friends, Sex in the City
* Bush and Greenspan
* Clean air
* Economically well-developed, high level of technology

When queried about the safety of the society, respondents indicated they felt it was safe overall.

Reaction to name: **Australia**

* Big country
* Sydney Olympics
* Nice living environment
* Aborigines
* Safe society
* Less people
* Friendly country, no terrorist attacks
* International environment of the country is good, America’s ally, also good relations with China

Reaction to name: **Canada**

* Maple leaves
* Cold
* Safe society
* Economy is good
* Good welfare system

Reaction to name: **New Zealand**

* Beautiful country, tropical weather
* Wide grassland
* No concept of what it is like
* Friendly to Chinese people, easier to go [from immigration perspective]

**Impression of the education of other countries**

Reaction to: “**American Education**”

* Education on innovation starts from childhood. Their way of teaching is much more advanced than in China.
* American education at primary school level and middle school level is more focused on the practice of knowledge, capability development, encouraging independence, and problem solving.
* The American system is one of more individualised education. The Chinese system is more assimilative education.
* Compared with American education, China is more like an education factory, producing students without much in terms of individual characteristics. 
* American education is unique, their students are like unique art works, while Chinese education produces only common products.

Reaction to: “British Education”

* Not very familiar with British education, imagining it to be similar to American education. 
* Difficult to receive a degree, students under greater pressure. 
* Gentleman education.

Reaction to: “Canadian Education”

* Not very familiar. Imagines it might be similar to American education, since geographically they are so close. 
* Thinks it has been strongly influenced by American education because their economies are heavily linked. North America seems one unit culturally and economically. 
* Canada may not be a first choice to consider for study overseas. It seems that it’s a country that attracts people for immigration rather than studying. 
* There are few people.

Reaction to: “Australian Education”

* Have seen many study-overseas images that use pictures from Australian schools. 
* Australia is a friendly place, it is good for Chinese students. 
* It seems that students who failed to enter [a good] university in China would choose to study in Australia. They are all self-funded, no scholarships are offered. Students I know chose to study hotel management in Australia. 
* Not familiar. 
* Australian education may be similar to British education. They must have some top-ranked universities. 
* I have heard of Sydney University and Sydney University of Technology.

**Traditional university shields vs logos**
Student reactions to and impressions of a stylised logo were compared to reactions and impressions of a crest style insignia.

* The crest style looks professional. The left one does not look proper. 
* The stylised one looks like what some Chinese universities would do. 
* The crest style looks more traditional and reliable.

**Cambridge University shield**

![Cambridge University shield](image)
Impression of Australia as a study destination when equipped with further information

In order to test if the impression of Australian education would be changed following the provision of further information, the students were provided with the following stimulus:

Students were shown a chart explaining that there are five Nobel prize winners from Australia, numerous inventions and leading positions in biology & environmental protection/management fields, and that Shanghai traffic management uses Australian systems.

Reaction to "Australian Innovation"

* It feels like Australia is very advanced in environmental protection. Students from China shall not all go to study just economics, etc. They should study majors that Australia is strong in. Also, China has a severe environmental problem, so there should be more student focus on studying in majors that help China improve its environment.
* Those Australian universities that are reputable in environmental areas should enhance communication and faculty exchange programmes with Chinese universities. Having Chinese university teachers/professors visit Australia would be an easy way to spread their reputations and names to students at Chinese universities.
* US education is [still] known as [more] reputable. More importantly, they provide scholarships.
* Australian universities should communicate with reputable universities in China and make Chinese students and faculties aware of their advantages, in which areas they are the world leaders, in which areas they have a lead over American universities, etc.

Forming an overseas study choice

When considering study overseas, what would you consider first: major (school) or country?
* To the majority of people, maybe country is the first consideration.
* I would choose country first.
* I would choose from the relevant majors one can study in the country.

How do you find information regarding the country and major information?
* Search on internet.
* Through university associations.
* Through foreign teachers / visiting professors.

What is your perception of foreign country visa regimes:
* The US visa is the most difficult to obtain.
* I am not familiar with Australian student visa application.

Discussion and questions raised by the students

- What is the language requirement to study in Australia?
- What core majors would universities accept?
- Do Australian universities accept IELTS?
It seems Australia treats education commercially. Does Australia treat education as operating an industry (business), not as something that attracts the most excellent students as the main goal?

Australia’s promotion in China is not adequate. They should enhance their academic communication, send professors and speakers to China to give speeches, presentations and so on to let students know what the advantages are of studying in Australia.

Results

The students showed a complete lack of awareness of the major government or quango organisations involved in the promotion of education, although there was high level of recognition of EducationUK’s website branding. Recognition of this website is consistent with the students' assertion that they had examined UK study opportunities prior to attending the focus group.

Students expressed a strong connection between the Study-in-Australia branding and sporting apparel.

In terms of the impression of countries, several interesting points can be made. Firstly, this group was not worried about terrorism in the UK or US, and felt that American society was generally safe. Secondly, Holland was felt to be an English-speaking country, or at least a country that spoke English at a level approaching the UK and Ireland. Thirdly, a major source of information about the United States and life there was television programmes that are not actually broadcast in China, and movies. Lastly, a good-quality environment was an attribute associated with all foreign countries, not just Australia & New Zealand.

In terms of studying overseas, these students felt that, in general, the kind of students studying in Australia from China were those that could not get into good universities in China. In addition, it was seen as a place that does not offer scholarships.

Students suggested that the best way for Australian universities to improve their position in China would be to have more exchanges with Chinese professors and students. Furthermore, Australia should have lecturers on exchange give lectures or talks to the wider student body, rather than just students of the faculty. The students felt if these goodwill trips were publicised more, it would help improve Australia's reputation and increase the likelihood of students wanting to study in Australia [at the postgraduate level].

In relation to logo-style university brands, these were not welcomed to the same extent as shield-type designs.

---

45 Quango: quasi non-government organisation.
46 Counterfeit & Authentic Kangol and Puma apparel is often seen on Chinese campuses.
Shanghai focus group 1: Summary

Recognition of government promotional organisations/programmes

Organisation Logos

Responses

Recognition: None of these were recognised, and none were associated with education.

Impressions: The kangaroo image was seen as the most impressive. It was seen as the more characteristic image of Australia and was instantly related to Qantas Airways. The students could not make any connections between the other logos and specific countries.

Responses

Recognition: It was recognised as being related to education, though no one had seen it before. It was not immediately connected to the UK.

Impressions: It's obviously related to education, but unsure of its function.

Students were then shown the logos with text.

Responses

Recognition: Still nil. Once provided with the Chinese name, there was still no recognition.

Impression: No registrable impression. The blue colour was preferred to a black example also shown to the students.

Responses

Impression: Seen as a lively image, but not directly connected with education.
Students were then asked if it were used in an education context like a fair, would the impression change? Students advised they still might not make the connection.

**Responses**

**Recognition:** Students did not know/recognise IDP.

**Impressions:** Similar to the Beijing group, students advised it was 'short of a leaf'. They had no immediate idea as to where this organisation was from or what it might do.

**Joint-venture programmes (including "twinning")**

“合作办学”("hezuobanxue")

What do you know about “hezuobanxue” (joint-venture programme):

Some students (three) were unsure of the term. Others saw it as foreign schools operating courses together with Chinese universities.

(Relative to the Beijing groups, the students had little to say on this topic.)

In response to the question: Are there any joint ventures at your university?

The students appeared proud of links with American universities. The considerable involvement of UTS/Insearch in Shanghai was not mentioned.

Why do you think Chinese universities want to operate “hezuobanxue” programmes?

Students advised that Chinese universities run these schools to make money.

Why do you think overseas universities have come to China to offer “hezuobanxue”?

Universities from overseas are doing this just to make money.

(Following lack of interest, the moderator advised that some programmes don't make money for the foreign operator, and asked again why they would come to China.)

Students advised that foreign universities are probably trying to enhance their world reputation or reputation in China.

Would you choose from “hezuobanxue” and go overseas to study if you decide to obtain your postgraduate degree?
One student was positive about this. The other students advised that it was conditional on the major offered.

Students advised that there was more to studying overseas than the course, and that it would be more useful from an experience perspective to study entirely overseas.

How do you feel about studying overseas vs."hezuobanxue"? Chinese campuses?

"Hezuobanxue" degrees were not seen as being of the same quality as overseas degrees.

(In relation to the onshore campus concept)

Students were not interested in joint-venture schools unless they were in Shanghai.

**Impression of countries or geopolitical entities**

**Reaction to name: Europe**

* Seen as being led by the UK, also represented by Italy, Germany, France.
* Football.
* Seen as wealthy.
* Seen as very safe.

**Reaction to name: America**

The first impression of half the group (5) was 9/11 (attack on New York, etc). Students felt the US was very dangerous.

* Hollywood.
* A good natural environment.
* Economically well-developed, high level of technology.

**Reaction to name: Australia**

* A place with lots of Chinese.
* Friendly country, no terrorist attacks.
* International environment of the country is good. America’s ally, also good with China.

**Reaction to name: Canada**

* Maple leaves.
* Cold.
* Seen as not being as good as the US.
* Low population density.
* Immigration is possible.

**Reaction to name: New Zealand**

* Beautiful environment.
* Lord of the Rings.
Impression of the education of other countries

Reaction to: “American Education”

* Education in the United States is more creative.
* Education in the United States is world leading. The best schools are in the US.
* Scholarships are prevalent.

Reaction to: “British Education”

* Very good quality.
* Easy to get into the course but hard to get out [graduate].
* Traditional.
* Very commercial. Just focused on getting money from foreign students.

Students were queried about why they had not mentioned the London bombings up to this point.

* I don't take the subway that often.
* Not as big a problem as 9/11.

Reaction to: “Canadian Education”

* Not as good as the US.
* Good for migrating to the US.

Reaction to: “Australian Education”

Student opinions varied.

One student who was considering Australia said that it was very good, and that accounting was very good in Australia.

Other students:
* No real idea of the quality.
* Felt it was maybe better than China but not as good as America.

Traditional university shields vs logos

Student reactions to and impressions of a stylised logo were compared to reactions and impressions of a crest-style insignia.

Other students
* The crest style is more traditional.
* The stylised one looks less reliable.
* The crest style looks more trustworthy.
Cambridge University shield

Not recognised by this group. No idea as to where it might be from. Upon prompting, guessed as the shield of Cambridge University.

Impression of Australia as a study destination when equipped with further information

In order to test if the impression of Australian education would be changed following the provision of further information, the students were provided with the following stimulus:

Students were shown a chart explaining that there are five Nobel prize winners from Australia, numerous inventions and leading positions in biology & environmental protection/management fields, and that Shanghai traffic management uses Australian systems.

Reaction to "Australian Innovation"

* Might be useful to know for students of environmental studies.
* I don't really think you can judge a country just by the number of Nobel prizes, so knowing this doesn't change anything.
* I don't really think this changes my idea about Australia.
* One or two ideas/inventions doesn't make it better than America.

Forming an overseas study choice

When considering study overseas, what would you consider first: major (school) or country?

* Choose country first.
* Choose country on the basis of relatives, cost or scholarships.

How do you find information regarding to the country and major information?

* Search on Internet.
* From friends and relatives.
* From my school.

What is your perception of foreign country visa regimes:

* US visa is the most difficult to obtain.

Discussion and questions raised by the students

On promoting Australia in Shanghai.
* The best way would be through well-run joint ventures.
* Provide more information about it.

Results

When compared to the Beijing groups, students were far less willing to discuss their opinions. Hence this group featured higher levels of moderator involvement.

The students showed a complete lack of awareness of the major government or quango organisations involved in the promotion of education.\textsuperscript{47} Students expressed a strong association between the Study-in-Australia branding and Qantas airlines\textsuperscript{48}.

In terms of the impression of countries, several interesting points can be made. Firstly, this group was not worried about terrorism in the UK even though it was a major barrier to studying in the US. Secondly, students felt that the UK approach was very commercial (with negative connotations).

In terms of studying overseas, these students felt that, in general, the kind of students studying in Australia from China were those that could not get into good universities in China.

Students suggested that the best way for Australian universities to improve their position in China would be to run joint ventures with highly ranked schools in China.

In relation to logo-style university brands, these were not welcomed to the same extent as shield-type designs.

\textsuperscript{47} Quango: quasi non-government organisation.
\textsuperscript{48} Qantas Airways has a logo featuring a large kangaroo.
Appendix 4—Labour market demand for postgraduate degrees

Based on historical trends in developed markets, the tipping point at which demand from the labour market for postgraduate degrees takes off is the point at which 5-10% of 15-64 year olds have an undergraduate degree. At this stage a master's degree allows a job candidate to stand out from the crowd. Calculating how close China is to this point is complicated by the unevenness across regions of China's education levels and employment prospects. While China is already very close to the lower end of the tipping point (5%) if only urban areas are taken into account, the number drops to close to 1% when the country as a whole is considered.

The “2005 Employment Survey of Higher Education Graduates and Employment Outlook for 2006 Higher Education Graduates” published by the Ministry of Personnel in March 2006 looks at the issue from a different angle but also comes to mixed conclusions. On the one hand, it suggests that postgraduate degree holders are getting a higher proportion of jobs available, from 6.4% in 2005 (136,000 out of 2.14m) to 10.7% of available employment opportunities (177,003 out of 1.66m) in 2006. On the other, there will be 4.13m graduates in 2006 and only 1.66m employment opportunities for them. With so many more graduates than jobs, a large number of those finishing their undergraduate degrees can be expected to go on to further study in order to differentiate themselves. According to the survey, 87.7% of students overall were employed at the end of 2005, while the rate for people with postgraduate qualifications was 95.7%.

At the same time, the past few years have seen a reduction in the gap between the number of postgraduate degree holders that have employment contracts prior to graduation and those with undergraduate or specialised degrees. There has been a remarkable convergence. More postgraduate degree holders than undergraduates had contracts (a difference of 8.5 percentage points). The differential dropped in 2004 to 6.2 percentage points and to 0.7 percentage points in 2005. Graduates in 2005 were therefore barely more likely to get an employment contract prior to graduating if they had a postgraduate degree than if they had an undergraduate or specialised degree. This suggests that the overall demand for postgraduate degrees in China is tied to the economic cycle and that incentives to get a master's degree will fluctuate along with the economy. Perhaps China’s volatile economy encourages choosing the safer option – getting a postgraduate degree just in case.

The gap between postgraduates and undergraduates that were employed also narrowed – from 7.8 percentage points in 2003 to 6 percentage points in 2004 and 5 percentage points in 2005. Likewise, the gap between those employed with undergraduate and those with tertiary-level specialised degrees narrowed, from 17.6 percentage points in 2003, to 11.8 percentage points and then to 8.4 percentage points. It is possible that the larger spread in the earlier numbers can be explained by the fact that postgraduate degree holders were previously almost guaranteed employment with the government. The numbers may also be changing to reflect the private sector’s expansion and the concomitant growth in the number of people it employs. At 4.5% the private sector currently hires the smallest percentage of people with a postgraduate education relative to other employers, including government agencies, where 15.1% of staff have a master's degree. (Employees with tertiary education in the private sector mainly have specialised/vocational degrees – 48.3% - and undergraduate degrees – 47.2%.)
However, the private sector hires the most people overall and the share of private-sector employees with postgraduate qualifications is growing.

An analysis of the educational attainment of the senior managers of nine mainland firms listed on the Stock Exchange of Hong Kong in recent years shows that of the 191 managers for whom biographical details are given, 69 have gained postgraduate education. Over half of these individuals (37) are from three firms: the Bank of China, China Construction Bank and China Life. Further, nearly half of these 37 (18) were educated overseas – in the US (10), UK (3), Hong Kong (1), UK and Australia (1), UK and Hong Kong (1), Japan (1) and Canada (1). A large proportion of these postgraduate degrees have been gained relatively recently and there is a clear trend towards higher levels of education amongst younger executives. For the older generation, a bachelor’s degree was sufficient to stand out from the crowd. Indeed, a relatively large percentage of the older age group holds no higher education. Below are three examples.

**Bank of China (Hong Kong)**
- Fifteen of the 20 directors, managers and supervisors for whom biographies were given in the listing document hold postgraduate degrees, many of which were gained overseas.
- The executive directors listed (aged 49, 55, 59) held a bachelor's degree (Tsinghua), an MBA and honorary doctorate from City University and a PhD respectively.
- Four of the six non-executive directors listed (aged 47, 49, 49 and 50) hold a master's degree, gained in 85, 96, 96 and 99 respectively, one of which was gained overseas at the University of Texas. The other two (aged 47 and 59) hold a bachelor's degree.
- All of the four independent non-executive directors listed (aged 48, 56, 59 and 63) hold a master's degree – an MBA from Wharton; a Master from MIT and PhD from Harvard; an MBA from the University of San Francisco and a PhD from Berkeley; and a Master from MIT.
- Five of the seven senior managers listed (aged 47 to 52) hold MBAs – from CEIBS, Warwick (UK), the Chinese University of Hong Kong, Western Ontario (Canada) and Brunel (UK, also holds a master's degree from Monash). The sixth holds a master's degree, while the seventh is a graduate of People's University.

**China Construction Bank**
- Sixteen of the 29 directors, managers and supervisors for whom biographies were given in the listing document hold postgraduate degrees, seven of them gained overseas – five in the US, one in Japan and one each in Hong Kong and the UK.
- Two of the four executive directors listed (aged 51 and 59) hold a bachelor's degree only – gained in 1986 and 1969 respectively. The other two (aged 48 and 49) hold a Doctorate of Law and an MBA (from the New York College of Insurance) as their highest level of educational attainment.
- Four of the seven non-executive directors listed (aged 47, 49, 57 and 59) hold a master's degree, one of which was gained overseas at the University of Virginia (in the US). The other three (aged 49, 51 and 56) hold a bachelor's degree.
- Two of the four independent non-executive directors listed (aged 56 and 76) hold a master's degree from the American University (US) and Tokyo University.
(Japan). One holds a PhD, while the fourth holds a bachelor's degree from the University of Hong Kong.

- The secretary to the board of directors gained a PhD at the University of Texas at Austin in 1997.
- Two of the seven supervisors listed (aged 43 and 56) gained PhDs (in 1995 and 2002); two (aged 40 and 50) hold a master's degree (gained in 1989 and 1998 respectively), while the remaining three (aged 41, 48 and 72) hold a bachelor's degree (gained in 1984, 1982 and 1962 respectively).
- Only one of the five senior managers listed (aged 55) holds an undergraduate degree alone; the remaining four (aged 56, 52, 51 and 41) hold a master's degree (earned in 1998, 1986, 1996 and 2002 (from Columbia in the US after earning a PhD in 1993 and an MA in 1990).
- The company secretary (aged 47) holds both a bachelor's degree and a master's degree from the University of London and a master's degree from City University of Hong Kong.

**China Life**

- Six of the 12 directors, managers and supervisors for whom biographies were given in the listing document hold postgraduate degrees, three of which were gained overseas – two in the UK and one in Hong Kong.
- Four of the six executive directors listed (aged 40, 45, 52 and 61) hold a bachelor's degree only – gained respectively from Central University of Finance and Economics in 1984, Shandong Province Weifang Medical School in 1982, Hebei Normal University in 1975 and Northeast University of Finance and Economics in 1965. The other two (aged 45 and 57) hold a master's degree – an MBA from City University of Hong Kong and a PhD from Nankai University and a master's degree from People's University.
- The non-executive director listed (aged 42) gained a PhD (in 2002).
- Two independent non-executive directors listed (both aged 60) hold a master's degree (gained in 1974 from the LSE, UK) and a bachelor's degree (in 1967, from the University of Hong Kong) respectively.
- Two supervisors listed (aged 52 and 54) hold a bachelor's degree from Anhui University (in 1982) and Beijing University of Science and Technology (in 1978) respectively. The third holds a qualification from the China Insurance Management Staff Institute.
Appendix 5—Nottingham Ningbo: A new partnership model?

The University of Nottingham now manages a branch campus in Ningbo, Zhejiang province. Nottingham’s joint-venture partner is Wanli University, a private institution set up in Ningbo by the Wanli Group, a local business venture. Wanli Group owns nine schools, with enrolment of 20,000 (from primary to post-secondary). As noted above, the municipality of Ningbo has relatively few educational resources, but it does have a long and innovative commercial tradition. The Nottingham-Ningbo campus is described as the first “joint-venture university” to obtain legal qualification and an independent campus in China (previous joint-venture programmes were set up in established campuses, although they may be housed in separate facilities). The Ningbo case is exceptional in that it was incorporated in this way – but in other respects it is a familiar pattern, based on precedent of personal connections and private funding. Indeed, Nottingham’s relationship with the Wanli Group seems analogous to a management contract, such as that an international hotel chain would provide for a locally owned facility. Nottingham provides the teaching material, faculty and management. All teaching is conducted in English, on a four-year degree programme. Junior-year students have the option of attending a two-month language course in Nottingham, or at either the Singaporean or Malaysian branch campuses maintained by Nottingham. Teaching staff are recruited and selected by Nottingham, and include both UK-based and offshore teaching staff.

Connections matter
The Nottingham-Ningbo deal was facilitated by native ties. The current Chancellor of the University of Nottingham (UK) is Professor Yang Fujia, a distinguished physicist – and a native of Ningbo. The Wanli Group is a private company with equity investment by the municipality of Ningbo, and its head, Ms Xu Yafen, is a well-known businesswoman in the city (reportedly she made her start managing driving schools through public-sector training institutes affiliated with the city government).

The Nottingham-Ningbo venture appears to be run on a “not for profit” basis. Tuition is set at Rmb50,000 (a saving over the Nottingham onshore rates, which average £11,400 or Rmb167,000 per year). However, Ms Xu has told reporters that the university spends Rmb100,000 per student—two times more than tuition fees. The shortfall of Rmb50,000 is made up from other sources. The university has a Rmb600m endowment, of which the provincial Zhejiang government put up Rmb50m, and Ningbo municipal government has invested Rmb100m. The balance is made up by Zhejiang Wanli University.

Following the British lead
In early May 2006, Kean University of New Jersey announced that it had entered into a partnership with Wenzhou University in Zhejiang. Under the terms of the agreement, Zhejiang province is funding the construction of a new campus (US$62.5m), with the curriculum and teaching staff to be supplied by Kean. Completion of the new facilities is expected in 2009, with enrolment of 4,000 students. Like Ningbo, Wenzhou is under-resourced in educational facilities, but Wenzhou entrepreneurs dominate a number of light-industry product lines, through formal and informal marketing networks throughout China and offshore. Wenzhou’s clustering of enterprises encompasses sourcing, manufacturing and distribution lines, and its business style is characterized by a gutsy disregard for regulatory niceties.
Appendix 6—Ministry of Education Directive 2004 #9

The directive was issued after a number of self-paying students complained that they were forced to extend their studies because they received a failing grade from the language school. The directive explained the IELTS requirements for student visas and clarified that problem institutions tended to be pathway programmes and post-secondary school training programmes.

The directive described the context of what might have led to the failing grade situation, explaining that the demand for English-language training in Australia is strong, and with many schools in the market some are bound to have quality problems. The grading systems at some schools are rather subjective, i.e. based on the teacher's observation of student progress. Moreover, it is unclear how well trained the teachers are. Since these schools are private institutions and are dependent on tuition to sustain operations, they have an incentive to fail the students so that they will have to stay behind for another semester.

The Chinese embassy in Sydney advises students to do the following:

1) Try to take English-language training programmes or pre-university courses in China as a means of meeting the English-language requirement for visas.
2) Try to take English-language courses that are offered directly by Australian universities.
3) While studying English or pre-university classes in Australia, prepare for the IELTS exam simultaneously, and use IELTS score as an objective means to assess your progress.
4) When attending English-language or pre-university classes in Australia, keep track of your own scores on exams during the semester to protect your own rights, and use facts to avoid institutions forcing you to stay behind.
Appendix 7—Competitor countries’ plans to support transnational education in China

Canada
Government promotion of twinning and transnational education appears to be non-existent, and this was attributed by the Canadian Education Centre and embassy staff to the lack of a federal ministry of education, and the conservative nature of Canadian institutions. However, embassy staff advised that they would assist Canadian institutions with twinning ventures using existing resources. According to the MoE, Canada has 15 applications for joint-venture programmes in process.

Ireland
Support for greater ties between Chinese and Irish universities has come from the highest levels in the Irish government. The Irish embassy in Beijing is increasing capacity to service foreign student flows anticipated from joint agreements and other channels. According to the MoE, Ireland had six applications for joint-venture programmes in process.

As part of the process of integrating with other countries in the European Union, the Irish government, through its affiliate Leargas, is developing a sophisticated support structure for twinning and transnational exchange at all levels that includes electronic collaboration tools and workshops. It is anticipated that this may have some application in future in dealings with non-EU countries.

New Zealand
The New Zealand government has supported the efforts of institutions in this area through a series of workshops in New Zealand, and the duties of the Education Counsellor position (created at the Beijing embassy in 2004) include assisting New Zealand institutions with these activities. According to the MoE, New Zealand has four applications for joint-venture programmes in process.

Singapore
The Singaporean government is very supportive, as can be seen by the ITE expansion into China. However, the primary focus of the Singaporean government is developing inflows into Singapore. The Beijing embassy currently has no plans to increase support to potential twinning providers. According to the MoE, Singapore has five applications for joint-venture programmes in process.

South Africa
The South African government supported a trade delegation in 2000, which was successful (from a small base) in increasing students to study onshore in South Africa. Around the same time, the South African government supported research into quality assurance of transnational education. From this base, South African Universities of Technology (teknikons) have begun actively seeking partnerships in this area, and this work is coordinated through Higher Education South Africa (HESA). Informal discussions with representatives of South African universities suggested that there is some resistance within China to the idea of partnering with an 'African' university, but there is growing awareness of the high quality of some universities in South Africa, and a limited familiarity with South Africa's experience in distance education.
**The Netherlands**

In addition to a recently intensified drive to recruit Chinese students for onshore study in the Netherlands, the Netherlands Education Support Office (NESO) has appointed a research officer. One twinning programme already exists in Yunnan province (although this does not appear on the MoE’s list of current valid programmes). According to the MoE, the Netherlands has only four applications for joint programmes in China. NESO will be increasing its staff to cater for the expected demand from Dutch institutions, and the initial focus of such joint ventures is intended to be southern China.

**United Kingdom**

The UK is seeking rapid expansion in this area. The British Council office in Beijing is expanding capacity specifically to deal with the anticipated increase in requests for assistance as a result of increased interest in twinning and branch campus arrangements from UK institutions. British Council representatives said during interviews that the council sees transnational onshore (in China) delivery as the way of the future. Universities from the UK had just seven active registered joint-venture programmes as of the beginning of 2005 (not including articulation agreements), with 112 applications in process (see Chart 4.1 earlier in this section).

**United States**

Although the US has recently improved visa arrangements and is planning marketing campaigns to attract more students (see Appendix 11), it is not actively seeking to increase twinning programme numbers in China. The US embassy in Beijing, through the Commercial Department, offers support to institutions that are seeking to establish twinning programmes. This may include arranging meetings with local universities. The US government's plan of preference is the 1+2+1 model (first and final years of a course in China, thereby ensuring the student’s return to China). According to the MoE, the US had 52 applications for joint-venture programmes in process. The US approach to the China market is examined in more detail in a separate case study (see Appendix 11).
Appendix 8—Case study: World Link Beijing

World Link Beijing was established in 1997. The core market for the China centre is bringing foreigners to learn Mandarin through a programme that combines language classes with tours, martial arts and other interactive electives. World Link’s secondary market is providing English-language training to the local population. The two businesses reinforce each other—World Link wants to ensure that there will be enough native Mandarin speakers at its training centres to interact with the foreign students, and enough foreigners for English-language students. In the last year, around 1,500 foreigners came to China through World Link.

World Link was previously dependent on a Chinese partner—a university—for the ability to operate legally in China. However, the company became a wholly owned foreign entity last year. The key, according to the company’s China programme director, is to put "training" as the business scope on the business registration licence. World Link is now referred to as an academy. World Link could not put down "school" as its business scope on the business registration licence because the school sector is still being regulated and is closed to full foreign ownership. Regulations on recognising language schools are still somewhat murky and World Link’s China programme director stated that the MoE is only slowly coming around to accepting academies such as his. He suspects that other foreign companies such as Berlitz and Wall Street Institute work on a similar model.

The World Link programme is recognised by the MoE—the ministry has sent officials to inspect the classes and approve the centre. However, World Link has yet to receive its official licence, owing to “some bureaucracy” on the ministry’s side, which the China programme director believes revolves around the fee to be paid. Although its operation is foreign-owned, World Link still sees guangxi (relationships) as important to its business and the China programme director says that this guangxi has played a role in the licensing process. The company’s chief representative is a deputy member of the Beijing People’s Congress and a standing member of China’s Association of International Trade attached to the Ministry of Foreign Trade and Economic Cooperation.

The market for English-language training is incredibly competitive in China. World Link’s China program director reports that there are six English schools in his office building alone.

As for the market for overseas English language training, the China program director reports that some Chinese are studying English in the Philippines because it's cheap, but that Canada and Australia are also popular destination. Most of the students he had encountered felt that the ideal destinations for English-language study are the UK and the US, but the UK is too expensive and post 9/11 US visa regulations have been a turn-off. Prospective students are interested in the UK because it is a "gentlemanly" country, which is the home of both English and many high-quality schools.

Source: Interview with World Link Beijing
Appendix 9—Visa policies

The United Kingdom
The UK has introduced the following initiatives in recent years:

*Fresh Talent Scotland Visa Extension Scheme*
Beginning in 2005, this scheme provides graduates of degree-level programmes (and above) the opportunity to remain and work in Scotland for two years, and is open to graduates of all disciplines. Upon completion of the two years, visa extension holders will be required to apply for permission to stay in the UK under the standard skilled migrant conditions, or to return home.

*Science and Engineering Graduates Scheme*
The Science and Engineering Graduates Scheme (SEGS) was launched in October 2004. The scheme allows Chinese (and other non-European) students who have graduated from British universities in a set range of physical sciences, mathematics and engineering programmes with a 2.2 or higher (overall grade) qualification to work in the UK for up to 12 months. Upon completion of the 12 months, visa extension holders will be required to apply under the standard skilled migrant conditions, or to return home.

*Automatic allocation of work permits*
Students studying in the UK for courses longer than six months (providing there is no prohibition condition on the visa) may work for up to 20 hours per week during school time (and without limit in vacation periods) without the need for a further permit (UKCOSA, 2005). This is in contrast to Australian regulations, which require a separate application for a work permit.

*Prime Minister’s Initiative*
This strategy consisted of a five-year plan from 1999 to 2005, based around the development of a unified brand (EducationUK), the improvement of entry procedures, strengthening relationships with agents and increased provision of scholarships. (For more information on British marketing efforts, see box on the British Council.)

Australia
Australia has launched two significant initiatives in the past two years:

- The Student Guardian Visa, designed to address the guardianship/pastoral care concerns of parents sending their children to Australia; and
- The eVisa system (introduced to China).

In addition, Chinese students who have spent at least two years studying in Australia and have earned an Australian qualification can apply for permanent residency under the skilled migrants scheme (applicable to specific skills/professions). Under this scheme, a residency application takes approximately six months to process. Students wishing to work in Australia must apply for a separate work permit.
Comparison of visa application fees and processing times

<table>
<thead>
<tr>
<th>Issuing country</th>
<th>Visa charge</th>
<th>Approx. time</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>Rmb1,620 (includes SEVIS fee)</td>
<td>5 days</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Rmb 1,275 + Rmb 225 admin fee</td>
<td>4-5 days</td>
</tr>
<tr>
<td>Ireland</td>
<td>Rmb 250</td>
<td>20 days</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Rmb 1120</td>
<td>30 days</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Rmb 300-600 (depending on entry count)</td>
<td>3 – 6 months</td>
</tr>
<tr>
<td>Singapore</td>
<td>Rmb 300</td>
<td>90 days</td>
</tr>
<tr>
<td>Australia</td>
<td>Rmb 2,640</td>
<td>12 weeks; eVisa 2-12 weeks*</td>
</tr>
</tbody>
</table>

* According to agent survey.

Source: Beijing embassies of respective countries; Immigration NZ.

The United States
The US does not use work schemes or the prospect of permanent residency as incentives to study in the US, and it does not have a work scheme programme per se. There is an optional 18-month practical training programme for international students, who can apply for a practical training visa in their last year of study (the application must be submitted within 60 days of graduation). However, not all students are successful in finding employment during this period, and any students wanting to stay beyond the 18-month training period will have to be sponsored by an employer for a H1-visa (work permit).

Canada
Canada recently increased the period of time during which foreign students can work in the country upon graduation from one year to two years (although numerous conditions apply). There is also a movement to allow students at publicly funded institutions to work off-campus during their study, although this is currently possible only in three provinces under pilot projects. Students are, however, allowed to work on campus.

Ireland
Since April 2005, Chinese students studying a degree-level (or above) course in excess of one year’s duration do not need a work permit to work in Ireland. Chinese and other Non-EU/EEA students are permitted to work up to 20 hours part-time per week and full-time during vacation periods. The work entitlement ceases once the relevant student visa expires.

---

49 EEA: European Economic Area (the EU member states plus Iceland, Norway and Lichtenstein)
The British Council expends significant financial resources promoting UK education within China. The Council’s annual budget for exhibitions in China is estimated to be in excess of Rmb 10m.\(^50\)

The entire British Council operation in China had a staff of more than 270 people in 2005.\(^51\) Some of these staff members are specialists in science, arts and education units, whilst others provide shared services to these divisions. In Chongqing and Guangzhou, the education sections each consist of four staff and a manager in control of a £200,000 budget for promoting UK education and links between UK and Chinese institutions in those regions.\(^52\) Spending figures for Beijing or Shanghai offices were not obtainable, but there are more than ten local staff in Beijing engaged in education marketing, as well as three expatriate managers. The approximate cost for the lease of the British Council’s education centres is given below (estimates have been made based on the approximate size of the British Council premises and information on leasing rates supplied by real estate agents):

### The cost of British Council facilities in China

<table>
<thead>
<tr>
<th>Operation</th>
<th>Location</th>
<th>Approximate cost at end-2005 prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Council Beijing</td>
<td>Landmark Towers</td>
<td>Rmb ¥405/sq metre; 350 sq metre</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rmb ¥141,750 per month</td>
</tr>
<tr>
<td>British Council Shanghai</td>
<td>Pidemco Tower</td>
<td>Rmb ¥209/sq metre; 490 sq metre</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rmb ¥102,410 per month</td>
</tr>
<tr>
<td>British Council Chongqing</td>
<td>Metropolitan Building</td>
<td>Rmb ¥115/sq metre; 350 sq metre</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rmb ¥40,250 per month</td>
</tr>
<tr>
<td>British Council Guangzhou</td>
<td>Office building attached to the Guangzhou Grand Hotel</td>
<td>Rmb ¥145/sq metre; 400 sq metre</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rmb ¥58,000 per month</td>
</tr>
</tbody>
</table>

Source: Universal Ideas, Beijing, based on information from real estate agents.

The British Council maintains an e-newsletter for the education industry containing updates on British education and relevant policies, which is highly valued by agents (according to interviews conducted for this report). One agent (Beijing OZ) specifically quoted the willingness of the British Council to do agent calls as a definite advantage for the UK. In addition, the British Council maintains an information service, CEMIS, through its internet portal, which provides British education providers with information on the Chinese education market, as well as an "agent zone" section which provides channels for contacting potential agents.

The Chevening scholarships and other awards offered through the British Council have been very effective in raising the profile of British education in China, and British scholarships have been well received by students (according to focus groups with students held in Beijing). In agent interviews with JYL advisers in Beijing, the senior

---

\(^50\) Interview with exhibition company on April 2nd, 2006 (interviewee declined to be quoted). A wholesaler (Cambridge Education Group) advised that the British Council recoups some of this outlay through increased charges to institutions.


\(^52\) Job advertisements for the position of Education Marketing Manager at these sites contained this description.
manager advised that scholarships have been the main tool that has assisted them in promoting the UK, and requested some from Australia.
Appendix 11—US Marketing

The American Center for Education Exchange is part of the US embassy in China. The Institute of International Education (IIE) is a non-profit organization that serves as a resource to educators and institutions worldwide. The US-China Education Resource Coordinator role was created in 2005 with the Bureau of Education and Cultural Affairs (State Department) providing a grant to the IIE to move a staff member to Beijing to promote study in the United States across China. The IIE staffer works out of the Public Affairs section of the embassy, and is responsible for meeting with the MoE, visiting campuses and educational counselling centres, and organising other promotional efforts.

Domestic pressure over visa policies led to a concerted PR blitz
The US government has taken steps to clarify its visa procedure to appease business and academic communities that cite post-September 11th visa restrictions as one of the reasons the US is losing its competitive edge. In his testimony before the House Committee of Science, William Brody (President of John Hopkins University and Executive Committee Member of the US Council on Competitiveness⁵³), noted that:

…post 9/11 American visa policies are reversing decades of openness to foreign scientific excellence. Delays and difficulties in obtaining visas to the United States are contributing to a declining in-flow of scientific talent. Meanwhile, competitor countries are quite naturally taking advantage of our increasingly cumbersome visa process to lure top talent away. ...We should have an explicit national focus on importing the brightest students from China and from countries around the world, and keeping them here afterwards as part of our high tech workforce. Make sure it's easy for the best and brightest to come here, to stay here, and then to find legal residency to work here when their studies are complete.⁵⁴

Mr Brody’s sentiments have found echoes in the US Congress. Senators Norm Coleman and Jeff Bingaman introduced the American Competitiveness Through International Openness Now Act in February 2005, which called for the development of a strategic plan for increasing the number of foreign students attending institutions of higher education in the US.⁵⁵ Sections of the act were eventually incorporated into Public Law 109-149 and limited funds have been appropriated towards outreach and information dissemination efforts that will make use of the internet and other media resources. Another area of focus is the streamlining of procedures to facilitate international exchange of foreign students, scholars, scientists and exchange visitors.⁵⁶

During US President George Bush’s state visit to China in November 2005, Secretary of State Condoleezza Rice made a deliberate effort to spend time with a group of students

---

⁵³ The Council on Competitiveness is a non-profit organization that comprises around 130 CEOs, university presidents, and heads of labour organizations. The Council addresses issues that drive America’s ability to compete successfully in the global marketplace.


⁵⁵ Senate Bill S.455, available at http://thomas.loc.gov

at Beijing University. This symbolic visit was meant to relay the message that the US does value students from China.57

**Outreach programme in China seeing some successes**

Faced with declining numbers of Chinese students pursuing undergraduate and graduate studies in the US, the Public Affairs section of the US embassy in China embarked on a campaign in 2005 to dispel misconceptions about visa restrictions on Chinese students hoping to go to the US.58 The outreach programme involved initiatives to demystify the visa application process, and reinforce the importance of bringing diversity to US colleges and universities. Embassy staff and the education co-ordinator made presentations on the student visa process and addressed questions from Chinese students in Beijing, Xi’an, Wuhan, Jinan, Qingdao and Zhengzhou.

The US embassy in China also runs six advisory centres and 33 libraries throughout China to provide information on education in the US.59 At the advisory centre, advisers are available to provide counselling services to students and scholars who are interested in pursuing an education in the US. At the libraries, materials on US academic institutions are made available. In addition to these centres and libraries, the US has also begun to place trained advisers at locations, such as coffee shops, where students are known to congregate to generate interest and to answer any queries.60

Since 2004, the US embassy has been organising education fairs for US institutions only in Shanghai.61 Exhibitors must be accredited, degree-granting institutions from the US and no education agents are allowed in the hall unless they are accompanying existing clients. During the first fair, 26 US educational institutions participated and the number increased to 59 in the second year. According to the US-China Education Resource Coordinator, over 800 students turned up at the fair within a three-hour timeframe. There was an even split of undergraduate and graduate institutions represented at the fair, but feedback from exhibitors indicated that there was more interest in graduate-level education.62 However, he noted that elite US institutions are making it known that full scholarships are available for talented Chinese students for undergraduate study, and that this may increase interest.

The US-China Education Coordinator reported that US operators have not been promoting ESL (ELICOS) and VTE programmes as it is hard to convince consular officers to issue visas for such programmes.

According to the US-China Education Resource Coordinator, the public outreach campaign led to a 20-25% increase in visa applications in 2005 and that only 0.2% of applicants that required SEVIS (Student and Exchange Visitor Information System)

---

57 Interview with US-China Education Resource Coordinator.
59 Information on the libraries and advising centres are available on the US embassy website. (URL: http://www.usembassy-china.org.cn/acee/admaster.html, last accessed April 4, 2006)
60 Interview with US-China Education Resource Coordinator.
61 Interview with US-China Education Resource Coordinator.
62 Interview with US-China Education Resource Coordinator.
screening were rejected. According to the US embassy in Beijing, in the months of May and June 2005 its visa officers in Beijing adjudicated 4,487 student visas compared with 3,904 during the year-earlier period, and the four US consulates in China also reported a similar 15% upsurge. A consulate spokesman from Guangzhou reported that 25,000 Chinese applied for a student visa in 2005 and over 80% were approved.

Education agents—the source of myths and misconceptions?
The US-China Education Resource Coordinator attributes the decline in applications from Chinese students to misinformation provided by education agents in China. The US public outreach programme was developed to enhance the transparency of the student visa application process and to reach out to the ultimate target audience—the students. Interest in the US has resumed, judging from the number of enquires received by the American Center for Educational Exchange.

Visas—perception matters
Security screening requirements that were set in place after the September 11th terrorist attacks presented obstacles for visitors and students, but have now been eased. Chinese students are now issued one-year multiple-entry visas as opposed to the previous six-month single-entry visas. “Students can also receive visas up to 120 days in advance of their studies, up from 90 days, and can come to the US 45 days before their programme begins, up from 30 days.”

Twinning programmes
According to the US-China Education Resource Coordinator, US institutions have been involved with the 1+2+1 twinning programmes for five years and approximately 20 US institutions have such arrangements, of which seven are state universities. (According to Ministry of Education statistics and a telephone survey of local partners, there are 29 current valid programmes involving US institutions.) The programmes were arranged by the American Association of Colleges and Universities with the MoE in China.

US institutions unlikely to enter into the onshore delivery market
While other countries have established undergraduate programmes that are delivered entirely onshore in China (the 4+0 model), the US-China Education Resource Coordinator believes that it is highly unlikely that many US institutions will enter into this sector. He based his argument on the fact that many US states prohibit state universities—which are funded by US taxpayers—from establishing this type of programme overseas. The state and the taxpayer view these onshore programmes as a diversion of state resources for tuition revenue will have to be shared between the Chinese and the foreign partner (and even this will be based on tuition that is lower than

---

63 The SEVIS homeland security programme was put in place in 2002. It is a web-based system that collects and maintains information on international students and exchange visitors in the United States. All student visa applicants must file a SEVIS application.
64 US embassy, Beijing, “Cable from China: 2005 Student Visa Applications Increasing”
67 Interview with US-China Education Resource Coordinator.
68 Alden
69 The US issues Exchange Scholar Visas (J class) instead of the student visa (F-1 or M-) for twinning programme participants.
that normally charged by the US institution). With little financial return, it is difficult for state (and private) colleges and universities to justify why faculty should be sent to China.

While American private education institutions are not constrained by government regulations, they also find it difficult in justifying the allocation of resources overseas to their stakeholders—boards of trustees, students, alumni and faculties.  

**Support available to colleges and universities** (twinning, partnerships, onshore delivery)
The Commercial Service team at the US embassy in Beijing provides logistical assistance to American colleges and universities that seek to establish a presence in China. For a fee, the Commercial Service team’s “Gold Key Matching Service” provides one, or all, of the following services:

- Market and industry research information.
- Arranges meetings with pre-screened trade partners, representatives, professional associations, government contacts, and/or licensing or joint-venture partners.
- Post-meeting debriefing with embassy trade specialists and assistance in developing following strategies.
- Support for travel, accommodation, interpreter service and clerical services.

In the words of the US-China Education Resource Coordinator, the programme basically ensures that representatives of the institutions meet the right people.

---

70 Interview with US-China Education Resource Coordinator.
Appendix 12—Website evaluation

Methodology for analysing government websites
Work on this section was informed by previous website evaluation research undertaken by Oreste (2005), Engle (2005) and Tweddle et al (1998), from which the criteria listed below was developed. In addition, the potential to locate these sites was evaluated using the popular search tools Google.cn and Baidu.com. Two Chinese students, a Chinese researcher and an Australian researcher conducted this work. Users reviewed the sites independently, comparing results once the review was complete.

Website evaluation criteria
In all, four individuals reviewed the government portal websites: two students and two researchers.

The websites were evaluated on the following basis:

1. Loading time (on a scale of 1 to 5, 5 being excellent)
2. General arrangement
3. Readability
4. Appropriate graphics
5. Use of colour and fonts
6. Ease of navigation
7. Link availability and relevance
   - If visible, reasons why it is easier to find
   - Any links back to home page
   - Do the external and internal links work?
8. Is it a qualified authority?
9. Is there an overabundance of advertising on the site?
   - Are there banner sponsors?
   - Is a well-known organisation the sponsor?
10. Is the date given as the article first placed on the page?
11. Is the purpose stated in the introduction of the site?
12. Is there a link for "about the website", "about us", "background", or similar?
13. Who is the intended audience?
14. How likely are you to refer or recommend this site to others?

Notes on scaling: 1=poor; 2=fair; 3=good; 4=very good; 5=excellent
<table>
<thead>
<tr>
<th>Relative performance of websites under evaluation</th>
<th>(% respondents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loading time</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>3.5</td>
</tr>
<tr>
<td>UK</td>
<td>1.5</td>
</tr>
<tr>
<td>US</td>
<td>3</td>
</tr>
<tr>
<td>Ireland</td>
<td>4</td>
</tr>
<tr>
<td>New Zealand</td>
<td>4</td>
</tr>
<tr>
<td>Canada</td>
<td>3</td>
</tr>
<tr>
<td>Singapore</td>
<td>3.5</td>
</tr>
<tr>
<td>General arrangement</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>3</td>
</tr>
<tr>
<td>UK</td>
<td>3.5</td>
</tr>
<tr>
<td>US</td>
<td>3</td>
</tr>
<tr>
<td>Ireland</td>
<td>2.5</td>
</tr>
<tr>
<td>New Zealand</td>
<td>3</td>
</tr>
<tr>
<td>Canada</td>
<td>2.5</td>
</tr>
<tr>
<td>Singapore</td>
<td>3</td>
</tr>
<tr>
<td>Readability</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>3</td>
</tr>
<tr>
<td>UK</td>
<td>4</td>
</tr>
<tr>
<td>US</td>
<td>1.5</td>
</tr>
<tr>
<td>Ireland</td>
<td>3</td>
</tr>
<tr>
<td>New Zealand</td>
<td>3.5</td>
</tr>
<tr>
<td>Canada</td>
<td>2.5</td>
</tr>
<tr>
<td>Singapore</td>
<td>3</td>
</tr>
<tr>
<td>Appropriate graphics</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>4</td>
</tr>
<tr>
<td>UK</td>
<td>3.5</td>
</tr>
<tr>
<td>US</td>
<td>3</td>
</tr>
<tr>
<td>Ireland</td>
<td>3</td>
</tr>
<tr>
<td>New Zealand</td>
<td>3</td>
</tr>
<tr>
<td>Canada</td>
<td>2</td>
</tr>
<tr>
<td>Singapore</td>
<td>4</td>
</tr>
<tr>
<td>Use of colour and fonts</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>3</td>
</tr>
<tr>
<td>UK</td>
<td>3</td>
</tr>
<tr>
<td>US</td>
<td>3.5</td>
</tr>
<tr>
<td>Ireland</td>
<td>3</td>
</tr>
<tr>
<td>New Zealand</td>
<td>3</td>
</tr>
<tr>
<td>Canada</td>
<td>2</td>
</tr>
<tr>
<td>Singapore</td>
<td>4</td>
</tr>
<tr>
<td>Ease of navigation</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>3.5</td>
</tr>
<tr>
<td>UK</td>
<td>3.5</td>
</tr>
<tr>
<td>US</td>
<td>3</td>
</tr>
<tr>
<td>Ireland</td>
<td>1.5</td>
</tr>
<tr>
<td>New Zealand</td>
<td>3.5</td>
</tr>
<tr>
<td>Canada</td>
<td>3</td>
</tr>
<tr>
<td>Singapore</td>
<td>4.5</td>
</tr>
</tbody>
</table>
Appendix 13—Search engines

Methodology

It was decided that a close examination of search engines would benefit some stakeholders. The results for the search string *liuxui* (literally, overseas study) were archived over seven days, on three separate search engines. Concurrently, estimated costs for certain types of advertisements were gathered. It is evident from examination of these sites that “first page” results of relevant search terms have been monopolised by sites produced by agents.

Research on this section was based on interviews and researchers making enquiries posing as potential customers. Our researchers canvassed ten sales representatives from the portals listed below.

Baidu.com

Baidu is widely quoted to be the leading search engine in China (Bremner et al 2005; Chandler 2006). It is similar in design to Google, but is optimised to search in Chinese. Its leadership position can be attributed to the popular usage of its search function for pirated recordings, such as MP3 files (Brush 2005), hence care should be taken when interpreting usage figures amongst tertiary-level students. The search engine charges by auctioning click-thru prices for links listed under certain search terms (ie the highest bidder will have their name appear first on the list of search results). Consumers are not told that these are sponsored links, a major difference compared to Google.cn, although advertisements on the right-hand side are signposted.

This site is more likely to be used for Chinese-language searches, and by those with weaker English. Naturally, the search results vary from day to day. However, some results are consistently returned. In the seven days from February 18th, the following sites featured every day for the search string *liuxue*:

No 1. www.overseas-edu.com           The website of JJL agents (JinJiLie) (private)

Paid Rmb12.50 (approx. A$2.05) per click as at March 6th

No 2. www.globeedu.com               The website of Global Oz (AoJi) (private), the largest Australian-focused agent

No 3. www.can-goldlink.com            Private agent with Canada focus

Google.cn

The Chinese version of the American-based global search engine, Google, operates on Chinese servers with censorship restrictions (it is our understanding that the exact method of censorship is not public information). The advertising structure is organised in a similar way to Google.com.au, and the first two links are signposted as paid links. The links below those are provided on the basis of the Google search algorithm.

The top sites on Google.cn under *liuxue* for the seven days beginning February 18th were:

No 1. www.overseas-edu.com           The website of JJL agents (JinJiLie) (private)
No 2. www.welltrend.com.cn           The website of a Canadian-focused agent (private)

Student interview feedback suggests that users of this site were likely to search in both English and Chinese, and that the search string was similar to "study in [x country]".

**Sogou.com**

This search engine is gaining popularity in China. It is the subsidiary search engine of other sites, including sohu.com. Traffic to Sogou has been growing by 50% on a quarterly basis, although it is still a long way behind the market leaders with just 4.6% market share, according to figures released by the China Internet Network Information Centre (CNNIC).

The top sites on Sogou.com under the search term *liuxue* for the seven days beginning February 18th were:

No 1. www.overseas-edu.com  The website of JJL agents (JinJiLie) (private)
No 2. www.sohu.ef.com  The website for English First
No 3. www.csc.edu.cn  China Scholarship Council site (quango agent)

Government bodies and 'quango' (acronym for quasi non-government organisation) agents heavily favour this site, and the majority of paid results are from these organisations (Sogou.com currently offers attractive discounts).
Appendix 14—Internet portals

General portal: Sina ("xin lang") www.sina.com
In the case of SINA, the education channel (http://edu.sina.com.cn/) is a major drawcard. Within this channel, the liuxue site has been leased by New Orient Education Exchange Centre, a government-owned agent. This arrangement is not signposted to users. According to sales agents interviewed, leasing such a subchannel costs approximately Rmb700,000 per year, depending on competing bids.

Tsinghua University advertises its foundation ("articulation agreement" recognised courses) through an icon on the main Sina page (scroll down position) for Rmb4,000 per day. Other large clients include the Beijing University MBA programme (Rmb3m/year) and the Beijing Postal University (Rmb600,000/year). These packages include daily banners and links on the education page. On the education page, ad hoc pricing starts at Rmb2,000/day for a link or Rmb650,000/year for a banner. These prices vary slightly with length of time.

Specific portal: Tigtag ("ti ta") tigtag.com
This portal is devoted to education-related issues, predominately studying overseas. Judging by the length of threads, there are well-used discussion forum channels regarding life overseas, immigration issues and city life. There are sections for downloading forms, university brochures, and language training. This site is very popular with students already studying overseas, so it provides a conduit for information to pass from those already overseas to those planning to travel overseas. According to Alexa web traffic statistics, the site receives more traffic than the sites of many Australian universities.

Specific portal: Liuxue.com.cn
This portal is significantly behind Tigtag in hit. However, it has recently allied with sina.com, so it is possible that hits will significantly increase in the coming months. This site has an active forum community, which also features input from vendors of educational services.
Appendix 15—Marketing brochures

Methodology
This section was built on the work of Beech (2006), Holden (2004) and Maringe (2005). More than 100 brochures from nine different countries were evaluated on their design and selling points. These brochures were produced by overseas institutions, or by agents purportedly on behalf of overseas institutions. The documents available were examined by a Chinese researcher in conjunction with an Australian researcher.

Canada
The following were recurring themes in Canadian promotional material:
- Quality of education
- Lower cost than the UK and US
- Work opportunities upon graduation
- Liveability
- Social security
- Multicultural society

Agent-produced documentation contained one or more of the following themes in promotion of Canadian education:
- Canada is globally recognised as North American education;
- It is available at state-owned universities (there are close to 100 universities conferring degrees);
- Graduates are provided with work opportunities in the US; and
- Graduates will have high salaries.

In terms of immigration laws, agent documents suggested Canadian visas were the easiest to obtain, and that immigration opportunities are abundant.

Other selling points of Canada include the fact that it is a bilingual country and that entry into high school does not have any language requirement. Interestingly, none of the documents mentioned Canada’s economic strength, the pristine environment or capabilities in specific areas. There was no coordinated government promotional effort, and hence no common slogan or focus.

France
French government-sanctioned promotional materials draw on its economic and technical strengths: the fourth-largest economy in Europe; producing hi-tech aircraft for the world. At the same time, the country is portrayed as one with rich cultural legacy in arts and in education. Unsubstantiated claims were made that French is the third most widely spoken language in the world.

In government and agent introduction booklets, low financial requirements are touted as an advantage: Rmb60,000 is sufficient to meet visa requirements. Agent brochures advise that immigration to France would permit residency in a third English-speaking European country.
Ireland
Ireland is a relative newcomer to the Chinese market. As a result, promotional work at some institutions is in its infancy and a tendency to provide photocopied notices was evident. The emphasis in promotional materials is the ability to obtain a UK-style education at lower cost.

A common theme of material produced by agents was that study could be completed in Ireland with a view to working in the UK, making Ireland the "Canada" of Europe. Quality and lifestyle are also emphasised. While the information distributed at fairs was minimal, providers offered to give much more at seminars they were operating during the evenings of the fair dates.

New Zealand
Like that of other nations, New Zealand official and institution brochures stressed high-quality education and a good living environment, and documentation carried the consistent message (in Chinese): "The new world class". This was in contrast to the differing translations of Australia's slogan (see below).

A common theme amongst agent and institution documents alike is that fees and living costs are lower than in other European, Oceanic or North American countries—documentation from institutions usually features tables showing the low cost relative of New Zealand qualifications relative to other countries. Some mention was made of the fees refund system implemented in 2004 (a protection system for international students, funded by a small levy on tuition).

While not common themes across all brochures, agent and institution materials mentioned that strengths were: political stability; a low crime rate (sometimes featuring comparisons with the US); a safe environment for foreign students (as opposed to safe generally); a flexible immigration policy (no need for work experience to immigrate); a good climate; a multicultural society; international recognition; and a high school visa success rate of 100%. The natural environment received some mention.

Singapore
Institution and Singapore Tourism Board brochures promoting education in Singapore stress the idea of Singapore as an education hub, with the potential to study content from other countries in an Asian setting. Mention was made of Singapore's status as the second most competitive nation (according to whom it was not clear), and the best place in Asia to do business. The city's status as a multicultural state is also trumpeted, but it is noted that Singaporeans are mostly ethnic Chinese.

In brochures produced by education providers, there was a recurring use of the 'Singapore Quality Class' logo, a logo created for registered private education providers.

The Netherlands (marketed in China as Holland, or "helan")
The Netherlands, along with Ireland, is a country making a sustained push into the Chinese education market. Documentation produced by institutions from the Netherlands stresses that this country is one of the most developed countries in the world, whilst at the same time being a tolerant society that pays a lot of attention to education. The low cost of tuition and the high standard of English are seen as important.
The common theme in agent and institution brochures was that there is no time limit on financial details (such as the six-month requirement made by Australia), near to 100% success for visa applications, no work restrictions and the opportunity to study on exchange in the US, Canada and Australia.

Agent brochures state that the crime rate is low, that the Netherlands is a wealthy and stable county, and that 95% of people speak English. Likewise, it is stated that all state-run universities have courses in English, and that the government covers the majority of costs.

**The United Kingdom**
The majority of British publications emphasised the high quality of British education, the fact that the UK is the home of the modern university concept and offers a great lifestyle ("liveable").

Agent and institutional publications alike advised that British universities have produced many Nobel prize winners, that British degrees have more intangible value, and that although the living costs are higher, the course of study is shorter, meaning that cost is lower overall.

On the immigration and administrative side, there is no need to take the GRE examination (an entrance test), and flexibility in English requirements (can take either IELTS or TOEFL). Obtaining visas to the UK is said to be easier than getting a visa for the United States, and process times are said to be shorter than in other countries.

Other selling points include: great lifestyle; a culture with a long history; free medical insurance for students staying longer than one year; ease of travel to other destinations in Europe; and the ability to work legally during the course of their study without further permits (for students studying longer than six months).

Three agent-produced brochures mentioned that students studying in the UK are entitled to same-day visas to other countries in Europe.

The British Council has produced a range of promotional materials that are continually updated and available year round from centres in Beijing, Chongqing, Guangzhou and Shanghai. The British Council has also produced CD/DVD introductions entitled *Student Diaries* and *Alumni Profiles*. The first of these CDs is very well made, and is quite enticing. The second caused minor problems on one of our test computers, and was not made to the same high standard. The British Council is currently producing new versions of this material.

**The United States**
The US government operates an information centre in Beijing and within consulates in China. The government does not currently actively attend or distribute material at multination education fairs, preferring fairs focused on the US organised by EducationUSA or affiliates. Hence the material obtained for this study was not from multiple channels. Pamphlets and CDs were obtained from the information centre, and a limited selection of promotional brochures published by providers was obtained at fairs and through agents. While material obtained by our researchers was dated 2005, the CDs and other print material collected at the centre were quite old (2002) and featured links that are often blocked by Chinese government domain servers (.state.gov domain).
Generally, documentation was limited, and stressed the following:

- the US has the most developed education system – more than 3,000 universities;
- there is a good selection of world-class, leading universities;
- the US has produced a large number of Nobel prize winners;
- universities feature high-tech laboratories;
- classes are taught with modern teaching equipment;
- there are rich library resources; and
- scholarships are abundant.
Appendix 16: Practical Training Programmes and Work Schemes

Practical training programmes allow foreign students to work in their host countries for a limited period upon completion of their course of study. Existing programmes in English-speaking countries range between one and two years in duration. Eligibility requirements vary—some countries require proof of a job offer in a limited number of sectors, while others only require previous full-time study in the country.

The programmes benefit both students and their host countries in a number of ways. For foreign students, practical training programmes provide vocational training, work experience in their area of study, and exposure to the work environment and business practices of a different country. The host countries' primary reason for sponsoring the programmes is to address shortages of skilled labour in certain areas, but the programmes are also valued as a means of creating a culturally diverse and globally connected workforce.

1. Practical training programmes in the United States

Foreign students who have been studying full-time in the US can apply for Optional Practical Training (OPT), a temporary work authorisation that allows up to one year of practical training either during or after a course of study in the US. The practical training must be directly related to the course of study and may be undertaken for up to one year either while enrolled (during school holidays or for up to 20 hours per week during term) or following completion of a degree in the US. Foreign students who earn multiple degrees in the US can undertake a maximum of one year of OPT during or after each degree.

Eligibility requirements:
- Valid F-1 (student visa) status for nine months prior to employment
- Physical residence in the US at the time of application
- Prior completion of at least one academic year of full-time study
- Prior completion all degree requirements (except for a mandatory thesis)
- Less than one year of full-time, curricular practical training during school
- The proposed employment must be in the student's area of study, but a job offer is not required

Many US educational institutions provide advisory assistance to students applying for OPT, as the process is complex and time-consuming—it can take up to 90-120 days to obtain authorisation from the US Citizenship and Immigration Service.

2. Work schemes in the United Kingdom

A. Science and Engineering Graduate Scheme (SEGS)

For further information, see United States Citizenship and Immigration Services 2006.  
For further information, see UKCOSA 2006.
SEGS is the UK's main practical training programme. The scheme allows certain science, mathematics, engineering and technology graduates to work in the UK for up to one year. It also applies to master's degree and PhD students who started courses—in any subject, not only science and engineering—on or before May 1st 2006. Otherwise eligible students who have been back in their home country for less than one year since graduation may also apply.

Eligibility requirements:
- A 2.2 degree or higher from a UK institution
- Completion of a course of study in a subject identified as being in short supply by the Home Office
- Valid permission to be in the UK as a student, student nurse, to re-take an exam or to write a thesis
- Written consent from sponsor if study was sponsored by a government or international scholarship agency

B. Fresh Talent: Working in Scotland Scheme

Unlike SEGS, the Fresh Talent scheme in Scotland has no restrictions on type of work and can last up to two years. It applies to students who have lived in Scotland while studying for a Higher National Diploma\textsuperscript{75}, undergraduate, master's or PhD degree. SEGS participants may also apply, although their time in SEGS is deducted from the Fresh Talent period.

Eligibility requirements:
- Valid permission to be in Scotland as a student, student nurse, to re-take an exam or to write a thesis
- Written consent from sponsor if study was sponsored by a government or international scholarship agency

3. Canada's Post-graduation Work Programme (PGWP)\textsuperscript{76}

Since May 2005, Canada's PGWP has allowed foreign students to apply for either a one-year or a two-year post-graduation work permit. Holders of the one-year permit who meet the requirements for the two-year permit are eligible to apply for a one-year extension. However, the work permit cannot exceed the length of time previously spent studying in Canada.

A. One-year PGWP

Eligibility requirements:
- Full-time study for at least eight months before graduation
- Valid study permit
- Proof of eligibility to receive the degree
- Application for a work permit within 90 days of written confirmation of graduation
- Job offer related to field of study

\textsuperscript{75} Higher National Diplomas cover the knowledge and skills needed for training towards jobs at middle management or technician level. Some HND courses, such as Social Sciences, are not related to specific jobs.

\textsuperscript{76} For further information, see Citizenship and Immigration Canada 2006.
- No previous post-graduation work permit

B. Two-year PGWP

Eligibility requirements:
- All of the above, plus:
  - Successful completion of at least two years of full-time study
  - Studied, graduated, and propose to work outside greater Toronto and Vancouver areas

4. New Zealand's Study to Work Policy

New Zealand's practical training policy allows foreign students to apply for a work permit of up to two years.

Eligibility requirements:
- Completion of a course of study in New Zealand of least three years or a qualification that would contribute points towards "Skilled Migrant" status on an application for resident status in New Zealand
- Application no more than three months after end-date of student permit or a Graduate Job Search Work Permit
- Proof of a job offer relevant to field of study or a Graduate Search Work Permit

Students without a job offer can apply for a Graduate Job Search Work Permit, which is good for a maximum of six months. Applicants must have earned a qualification that would count towards Skilled Migrant status for residence purposes, and the application must be made no later than three months after the end-date of their student permit for that qualification. Applicants must also provide evidence of sufficient funds to support themselves in New Zealand for six months.

---

77 For further information, see Immigration New Zealand 2006.
References


Asian Demographics 2006, The geography of high income households in urban China, Asian Demographics, Hong Kong.


Australian National University 2005, A report into quality assurance for teaching offshore in a language other than English, Australian National University, Canberra.


Boone, J 2006, ‘Decline in Chinese student numbers seen as permanent Asian powerhouse is pouring resources into its own university system’, Financial Times, 25 February.


Department of Foreign Affairs and Trade (Australia) 2005, Unlocking China’s Services Sector, Economic Analytical Unit, Canberra.


Economist Intelligence Unit 2004, Coming of Age: Multinational companies in China, Hong Kong.

Economist Intelligence Unit 2005b, *Taking on the Competition: Domestic Companies in China*, Hong Kong.

Economist Intelligence Unit 2006, *China Hand*, Hong Kong.


Lin, J 2005, ‘Internet: China internet plays point way to success with customization’, *Hong Kong Media Journal*


Ma, J 2006, ‘Beijing lays out road map for scientific revolution’, *South China Morning Post*, 10 February.


216


Xinhua News 2006f, ‘Chinese universities to take overseas students funded by foreign governments’, 20 January.


218


