

2016 International Conference

Towards Excellence in Leadership and
Management in Higher Education

Hochiminh City, July 28-29,2016

Economic Challenges in Higher Education and The Public good- Private good Debate

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Presentation Goals

- Higher education – a major engine of economic development
- Challenges for system of providing access to free or highly subsidized education
- The Public good- Private good Debate
- Proposed possible approach to the problems – global public goods.

Important of Higher Education for Economic Development

- Facilitate employment, increases salaries and savings;
- Improves working conditions and mobility for the individual;
- Bring about greater productivity, national development;
- Increase consumption and transformation of low skills industry to knowledge based economies for the public;

Important of Higher Education for Economic Development

- It is a critical element of competitiveness and prosperity in an increasingly knowledge based global economy;
- Tertiary education exercises a direct influence on national productivity, which largely determines levels of living and a country's ability to compete in a global economy.

Challenges for system of providing access to free or highly subsidized education

- **Unsustainable - government tax revenues are not keeping pace with rapidly rising costs of higher education;**
- **Financial austerities have led to inability to retain quality faculty and staff;**
- **Minimizing staff student ratio;**
- **Poor learning and research facilities and resource;**

Challenges for system of providing access to free or highly subsidized education

- The lack of adequate funding has constrained research capacities;
- Influencing national competitiveness in knowledge generation and adaptation, as well as integration in the global knowledge society.

Higher Education as Public Good

We know much more about individual market goods (such as earnings benefits to graduates) than we do about collective goods and non-market private goods.

What is the benefits of Higher Education as Public Good?

- The benefit in the investment that they have made in human capital that will generate a great return for the society;
- Paying for the people that deserve the higher education is a big investment with maximum efficiency;

What is the benefits of Higher Education as Public Good?

- We have the right to use it in any time and for this we must contribute to it. The same is for higher education that is very important because from it is dependent on the human resources of public and private sector.

The Business View for Higher Education

When considering the outputs of higher education institutions, private goods might seem more straightforward than public goods.

The Business View for Higher Education

- In popular discussion the private goods are often equated simply with graduate earnings. More sophisticated approaches focus on income differential between graduates from higher education and from secondary school;

The Business View for Higher Education

- **There are also non-market benefits such as health outcomes and better personal financial management, and on pecuniary private benefits like enhanced aesthetic sensibility (McMahon, 2009).**

The Debate

Traditional societal mission of higher education - key cultural institutions responsible for public enlightenment.

The "**commercialization**" of higher education has placed considerable strain on its social mission.

The Debate

The debate concerning the primary mission and priorities of higher education will continue in many parts of the world, with a possible hindering of protecting activities that serve the public good in the face of growing financial constraints and market influence.

**Knowledge as a
global public good
and open source
of innovation**



Joseph Stiglitz,
Nobel Prize 2001

Possible approach – Consider global public goods

‘Global public goods are goods that have a significant element of non-rivalry and/or non-excludability and made broadly available across populations on a global scale. They affect more than one group of countries, are broadly available within countries, and are inter-generational; that is, they meet needs in the present generation without jeopardizing future generations.’

Knowledge as a global public good

- **Knowledge is predominantly a public good.** There is a moment of excludability, when it is first created and disseminated. But once disseminated it has no subtractibility (non-rivalrous) and it can be rendered partly excludable only through artificial means such as rules governing journals;

Knowledge as a global public good

- Knowledge is also a global public good – the mathematical theorem retains its value all over the world no matter how many times it is used;
- Hence basic research is subject to market failure, and everywhere is funded by governments and philanthropy, or by universities themselves.

Globalization is a key

Global engagement and global standards (1) lock higher education institutions and national science system to internationally competitive performance (2) allow countries to source benefits from collaboration and (3) step up global publishing in English.

Challenges for higher education

- **Globalization means that education institutions prepare students for work in international as well as national and local settings;**
- **Globalization increases the importance of learning the skills of global communication, including information and communications systems;**

Challenges for higher education

- **Globalization means learning about other cultures, and inter-cultural relations;**
- **Globalization means linking to schools and colleges in other countries and might mean student exchange and periods of study abroad;**
- **Above all globalization means good English language skills are essential;**

Globalization and education markets

- Globalization means it is also important to sustain national identity and language.
- Globalization does not change the economics of public and private goods. Education continues to produce a mix of goods, and policy has some capacity to steer the balance between them and the volume of each (both joint and separate);

Globalization and education markets

- Markets continue to be used selectively and for policy purposes;
- Increasingly upper secondary and tertiary education, as more so research, become affected by global standards;

Globalization and education markets

- In some areas such as research universities the question arises of whether and how much to focus on the global ranking position;
- Movement of personnel across borders increases and maintaining and recruiting good staff requires a global strategy.

Globalization



‘The widening, deepening and speeding up of interconnectedness on a world-wide scale’

-- David Held, et al., *Global Transformations*, 1999, p. 2