

examinations, attractive evaluation systems, and good job prospects constitute the strong factors leading to growing enrollments in foreign-degree programs.

#### RATIONALE AND MECHANICS

A number of rationales may explain the presence of foreign institutions in India. There is a growing demand for foreign degrees, triggered in part by the international mobility of knowledge workers. The supply constraint in the public provision of higher education has opened up the market for private providers of education. They found an opportunity to link up with foreign universities to provide foreign degrees that attract the students for programs that could be easily marketed. The other side of the picture is that the foreign providers willing to collaborate saw this as an opportunity to sell education. However, the mechanics of operations are not guided by com-

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petition.

What is the context of the market-driven trend of the growing number of foreign higher education providers in India? There is neither recognition of foreign degrees in India nor any mechanism in place for the mutual recognition of degrees abroad or at home. The holder of a foreign degree earned in India may find it difficult to achieve job security, thereby increasing the uncertainty of a professional career. There is at present no system of quality assurance and accreditation of cross-border education operating in India. An important aspect is that private higher education partners rely mostly on guest faculty. It is also not clear who bears the responsibility—private institutions in India or the foreign collaborators and providers of foreign degrees. Nevertheless, enthusiasm among Indian students for foreign degrees has supported the commercialization. Some of the aspirants for foreign degrees choose to earn foreign degrees in India at a relatively lower cost than for the same degree earned abroad.

The concern for policymakers in India is that the new market-driven trend backed by strong demand defies the domestic regulatory system, which clearly stipulates that only universities established under central or state control have the authority to confer degrees. On the other hand, regulating foreign education providers amounts to accepting their existence, amending the University Grants Commission act and setting standards and quality assurance for cross-border education. All these issues might put pressure on the government to improve the competitiveness of public universities, which would in turn amount to committing resources for higher education. As the resources are limited for funding public universities, a market-driven trend might lead to further privatization. Given such possibilities, government finds it convenient, instead, to gloss over the presence of foreign universities. However, given pres-

sure from international agencies to regulate and put in place the mechanism for quality assurance the government might in future accept the presence of foreign universities without getting ready for the competition they will create. Under these circumstances, the long-term dynamics of foreign universities in India would thus lead to commercialization without raising competitiveness in the system. ■

## Strengthening International Education in New Zealand

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International education, primarily in terms of international student recruitment, has been a rapidly growing industry in New Zealand. While in 1995 it was responsible for NZ\$530 million (US\$370 million) in foreign exchange, by 2003 it was estimated to have created over 20,000 jobs and contributed NZ\$1.7 billion (US\$1.1 billion) to the local economy. Approximately 31,000 international students were enrolled at New Zealand's tertiary institutions in 2003 compared to a mere 4,000 in 1995. For a small country with only 8 universities and 20 polytechnics (as community colleges are known in New Zealand), such growth especially in a relatively short time frame is quite substantial. Furthermore, although there are relatively small numbers of international students in New Zealand's tertiary institutions, these students comprise a similar proportion of the total tertiary roll as they do in countries such as the United States and Canada.

Complementing this economic dimension of international education, the development of deeper educational relationships with other countries has enriched New Zealand's social, cultural, and political networks. Recognizing the role of international education as an established sector of the New Zealand education system, the government has recently committed NZ\$21 million (US\$15 million) over the next four years to support its development. In particular, this new funding is focused on developing the government's educational diplomacy in key countries, attracting high-quality doctoral students to study in New Zealand, and creating an innovation fund to support New Zealand education providers in new product and service development—all with the aim of enhancing New Zealand's reputation as a high-quality education provider on the international scene.

Through "education diplomacy," the government is setting up seven offshore education counselor positions to develop stronger and deeper linkages with those parts of the world rec-

ognized globally as centers of educational excellence. The first four positions are being located in Beijing (from February 2004), Washington DC (from mid-2005), Brussels (late 2005), and Kuala Lumpur (early 2006). Details on the location of the other three positions are yet to be released. The intention is that these counselors will be able to identify and share best practice in the field of international education between New Zealand and education providers in each of their respective locations.

The International Doctoral Scholarship Program, funded by the government, is designed to provide financial support to doctoral students undertaking research. In 2005, the year of its introduction, 40 such scholarships were awarded to students from designated countries in North America, Latin America, Europe, Asia, and the Middle East. Over the next two years, the program will be progressively expanded, with the aim that by 2007 up to 100 doctoral scholarships will be awarded annually to applicants irrespective of country of origin. The objective behind this program is to share New Zealand's excellence with the rest of the world and to bring the best students from other countries to share their knowledge with New Zealand. Complementing this program, the government has also decided that from January 2006, all international students applying for doctoral studies at a New Zealand university will not be subject to international differential fees. This means that even if an international student does not gain a scholarship, they will be able to study for a New Zealand PhD at subsidized domestic fees. Similarly, from January 2006, school-aged dependents of international PhD students studying at New Zealand universities will not have to pay international tuition fees to attend New Zealand schools.

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The third initiative, the Innovation Fund, will support New Zealand education providers to develop new markets, new business models and structures, new delivery options for international education including offshore campuses, online programs and twinning arrangements with offshore education providers as well as the development of new educational programs. It is recognized by the government that insufficient innovation can be a detriment to the competitiveness and sustainability of the New Zealand's export education industry. Hence, the overall objective of this fund is to assist with the development of value-added activities. During the first four years, the fund will primarily target encouraging offshore initiatives. Compared to other competing countries, New Zealand currently relies almost exclusively on onshore delivery of international education. In encouraging offshore initiatives, the government is looking at diversifying risks. Similarly, the development of offshore education should benefit the sustain-

ability of onshore education by acting as a marketing presence and providing potential pathways for international students to come study in New Zealand.

These three initiatives are aimed at keeping New Zealand's international education sector competitive in an increasingly dynamic industry. However, it is to be acknowledged that these policies are not a means to an end. The New Zealand government recognizes this reality and understands that its investment needs a long-term focus. Hence, we can expect to see more investment in the future. ■

## National Regulatory Approaches to Transnational Higher Education

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**T**ransnational higher education is not a new phenomenon, but the pace of its global expansion is a new development. (*Transnational* is used here to designate higher education provided by one country in another and excludes provision where just the students travel abroad.) As foreign delivery becomes increasingly widespread, countries are facing a growing need to regulate this type of provision. Although many countries have yet to establish a clear regulatory framework for the import and export of transnational higher education, ambitions to regulate and offer quality assurance for this type of provision are an emerging international trend.

Transnational higher education serves different purposes in different countries. Overall, the perceived benefits of transnational delivery include domestic capacity building, broader student choice in education systems facing resource constraints, minimizing the resources flowing out of the country, reducing brain drain, and enhancing innovation and competitiveness in the sector. However, provision has a tendency to be concentrated in certain subject areas (e.g., business and information technology). While such provision undoubtedly meets a need, it is unclear to what extent it seriously addresses the development agenda of the host country and thus contributes to real capacity building. Experience with foreign education of low quality has made some countries wary of this type of provision and has prompted them to work on making the sector less of an open and easy market for foreign institutions. Concerns have frequently been raised over the quality of transnational provision, the impact on national authority over higher education, and unfair competition with domestic institutions.

Through a substantial research project, the Observatory has