

Towards a Competitive Higher Education System in a Global Economy

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Outline of the Presentation

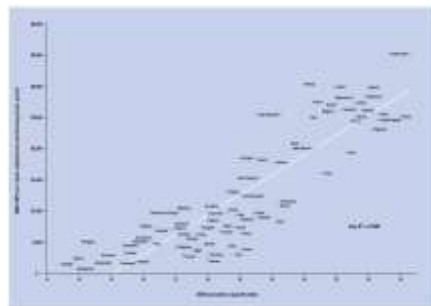
1. Why Invest in Higher Education?
2. Access to Higher Education
3. Quality and Relevance of Higher Education
4. Financing, Governance, and Institutional Management of Higher Education
5. Challenges and Policy Implications

Why Invest in Higher Education?

Why Invest in Higher Education?

- Higher education plays an important role in generating new knowledge
- ... and knowledge generation is a driver for economic growth and social development

Figure 1-6: The Relationship Between the Innovative Capacity Index and GDP Per Capita



Source: Porter & Stern (2004)

Why Invest in Higher Education?

- Important human and financial constraints remain as a R&D binding constraint. Universities account for 15% of gross domestic expenditure in R&D
- Thailand has a low proportion of scientists and engineers per capita
- University-Industry linkages in Thailand are scarce, while those in place are generally weak and fragmented

Why Invest in Higher Education?

- Investments in human capital have positive returns both for society *and* individuals
- Higher education has a high rate of return compared to other educational levels

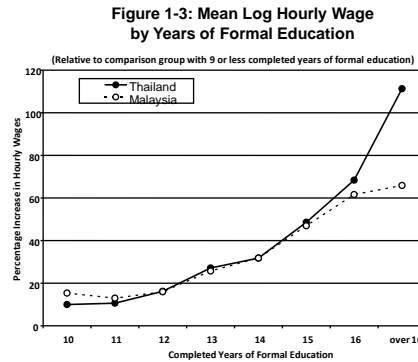
FIGURE 1-2: AGE-EARNING PROFILE FOR WORKERS BETWEEN 25-60 YEARS, 2005



Source: Labor Force Survey, 2005 Q4

Why Invest in Higher Education?

- Thai employers are willing to pay a significant premium for workers with more years of educational training than employers in other countries in the region



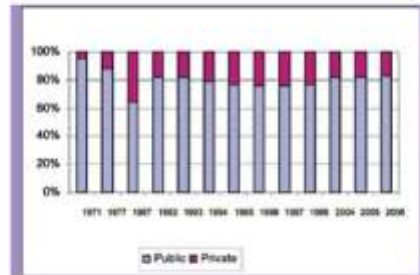
Source: World Bank, 2006

Access to Higher Education

Access to Higher Education

- Student enrollment in higher education institutions increased from 1.9M in 2001 to 2,4M in 2006

FIGURE 2-2: SHARE OF TOTAL STUDENTS IN HIGHER EDUCATION INSTITUTIONS, 1971 - 2006

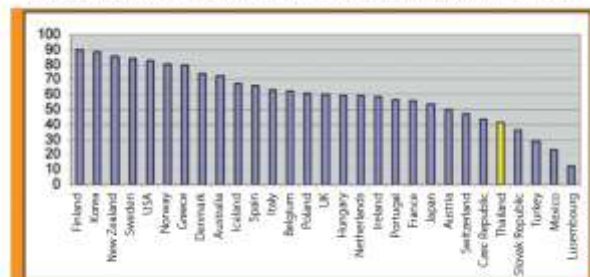


Source: Ministry of Education, 2007

Access to Higher Education

- But Thailand still lags behind OECD countries in tertiary education enrollment ratios

FIGURE 3-3: TERTIARY GROSS ENROLLMENT RATE IN OECD COUNTRIES AND THAILAND, 2004

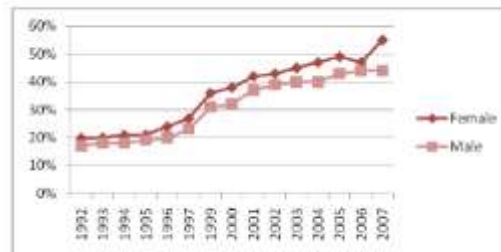


Source: Edstats, 2009

Access to Higher Education

- Thailand has experienced a reversal in the education gender gap, as more female than male students are enrolling in higher education

FIGURE 3-6: GROSS ENROLLMENT IN TERTIARY EDUCATION BY SEX, 1992-2007

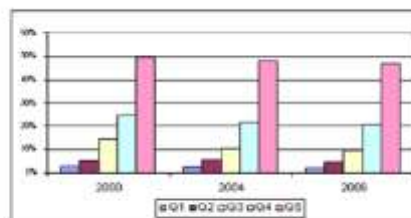


Source: Edstats, 2009

Access to Higher Education

- But access to HE is inequitable. While 50% of students from the highest income quintile enter HE, less than 5% in the lowest quintile are enrolled

FIGURE 3-7: HIGHER EDUCATION PARTICIPATION RATE (AGES 20 AND OVER)



Source: Socio-Economic Survey, 2006

Access to Higher Education

- Student share of *limited admission institutions* increased from 30% to 61%, while *open universities* dropped from 68 % to 37%
- The share of enrollment in *private sector* institutions decreased from 19% to 13%

TABLE 3-1: HIGHER EDUCATION ENROLLMENTS

Institution	1998			2005		
	Total	Lower than Bachelor	Bachelor	Total	Lower than Bachelor	Bachelor
Public Institute	806,229	8,812	794,428	81,969	5,641,840	71,414
Limited Admission	244,602	3,075	183,806	37,721	999,455	16,369
Open University	540,715	8,737	538,960	3,984	622,582	-
Autonomous	13,896	-	11,632	2,264	36,438	-
University	-	-	-	-	-	-
Community College	-	-	-	11,885	13,908	-
Private Institute	288,087	-	189,906	7,111	234,363	-
Total enrollment	990,226	8,812	925,394	71,090	2,900,203	71,414

Source: Commission on Higher Education, 2006

Access to Higher Education

- Almost 50% of Thailand HE institutions are located in Bangkok where 10% of the population resides
- Thailand currently suffers from a severe imbalance between undergraduate (86%) and graduate (10%) education

Quality and Relevance of Higher Education

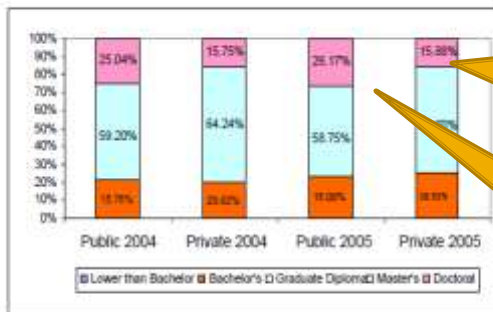
Quality and Relevance of Higher Education

- There are increasing concerns about low quality of higher education
- About 33% of entering college students graduate, as opposed to 70% in OECD countries
- The male graduation rate was 21% compared to 34% for females.

Quality and Relevance of Higher Education

- The majority of tertiary faculty in Thailand hold graduate degrees, but over 40% are lecturers.

FIGURE 4-2: ACADEMIC STAFF IN PUBLIC AND PRIVATE INSTITUTIONS BY EDUCATIONAL



Public institutions have higher shares of teachers with Ph.D.s than private institutions

About 80% of academic staff hold Master degrees or higher.

Source: Commission on Higher Education, 2008

Quality and Relevance of Higher Education

- There has been substantial progress on number of publications in peer-reviewed journals ...
- ... but well below 1% in all academic fields in terms of world output

TABLE 4-5: YEARLY AVERAGE NUMBER OF PUBLICATIONS (SELECTED NATIONS, 1980-2005)

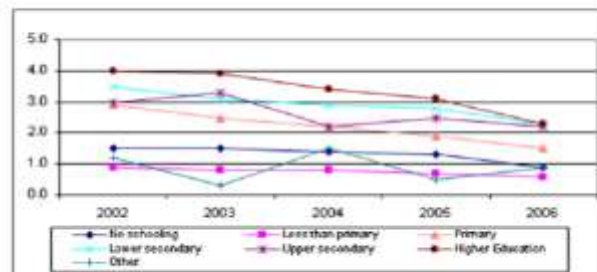
	1980-84	1985-89	1990-94	1995-99	2000-05
Thailand	394	446	557	926	2,059
Korea	341	1,043	2,756	5,813	21,471
Taiwan	642	1,644	4,326	8,608	13,307
Singapore	253	597	1,142	2,501	5,177
Malaysia	259	298	421	745	1,221
Philippines	237	207	246	329	474
Indonesia	104	141	198	366	524
China (including Hong Kong)	2,694	6,244	10,365	21,205	48,552

Source: Schiller, 2006

Quality and Relevance of Higher Education

- Individuals with university degrees have the highest unemployment rates
- ... but 2.6% for Ph.Ds vs. 30.9% for Associate degrees

FIGURE 4-4: UNEMPLOYMENT RATE BY EDUCATION LEVEL, 2002-06

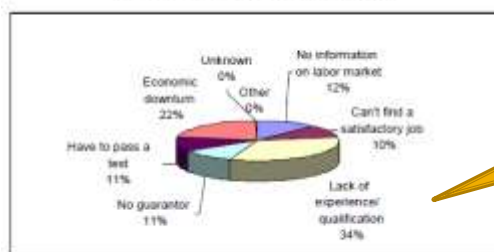


Source: National Statistics Office, 2008

Quality and Relevance of Higher Education

- Employed workers with HE degrees spend less time searching for jobs. About 20% of B.A and 40% of graduate degree holders are hired immediately after graduation

FIGURE 4-8: PROBLEMS IN JOB SEARCHING



Source: National Statistics Office, 2008

The main problem perceived by individuals was weak practical experience and qualifications

Quality and Relevance of Higher Education

- Science and engineering graduates have the highest rate of unemployment (+40%), suggesting limited job opportunities and/or skills mismatch

TABLE 4-9: EMPLOYMENT STATUS OF B.A GRADUATES BY FIELD OF STUDY, 2002-03

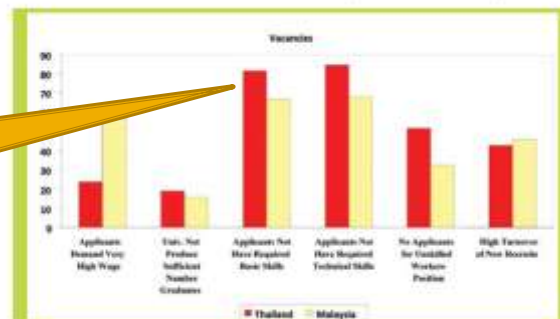
	Total Observations	Employed	%	Unemployed	%
Teacher training and education science	5,111	3,705	72.5%	1,406	27.5%
Humanities and Arts	5,603	3,600	64.3%	2,003	35.8%
Social sciences, business and law	39,460	26,872	68.1%	12,588	31.9%
Science	7,628	4,283	56.2%	3,345	43.9%
Engineering, manufacturing and construction	14,282	6,533	59.8%	5,749	40.3%
Agriculture	4,870	3,121	66.8%	1,549	33.2%
Health and welfare	8,939	8,327	93.2%	612	6.9%
Services	1,844	1,172	63.7%	672	36.4%
Total	87,537	59,613	68.1%	27,924	31.9%

Source: Commission on Higher Education, Summary Report on Job Searching Status of Graduates in 2002-03

Quality and Relevance of Higher Education

- Job vacancies are related to inability to identify individuals with the “right skills”, rather than a shortage of applicants

FIGURE 4-10: MAIN CAUSES OF JOB VACANCIES (THAILAND AND MALAYSIA)



This problem is more acute in Thailand than in Malaysia, according to enterprise surveys

Source: World Bank, 2005b

Quality and Relevance of Higher Education

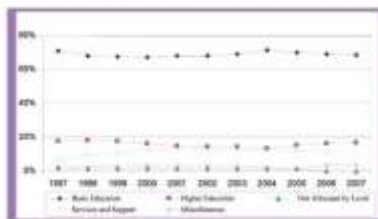
- Concerns have been raised over lack of comprehensive knowledge and skills of graduates
- Research on university mapping indicates an oversupply of social science graduates while shortages in science, technology and health sciences
- Significant mismatch between training provided in higher education institutions and skills needed in the labor market.

Financing, Governance, and Institutional Management of Higher Education

Financing and Governance of Higher Education

- In 2007, Thailand allocated more than 20% of the national budget to education (4% of GDP)
- The HE budget share has fluctuated between 14% and 18 % of the total education budget

FIGURE 5-1: SHARE OF EDUCATION BUDGET BY LEVEL OF EDUCATION, 1991-07



Source: Ministry of Education, 2008

A slight but continuous increase since 2005

Financing and Governance of Higher Education

- Thailand allocated 0.7% of GDP to HE

TABLE 5-2: PUBLIC EXPENDITURE ON TERTIARY EDUCATION

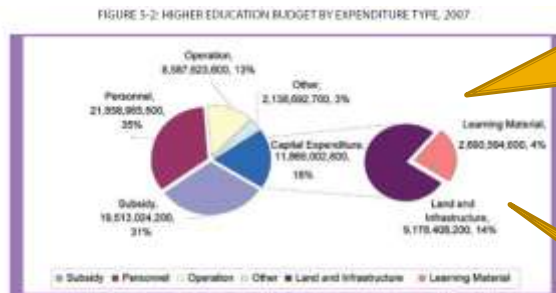
Countries	% of GDP
China	0.8
Denmark	2.7
Finland	3.7
Germany	3.3
India	0.7
Ireland	3.2
Malaysia	2.7
OECD Average	3.3
Philippines	0.7
South Korea	2.4
Sweden	3.2
Thailand	0.7
United Kingdom	3.1
USA	3.4

Source: UNESCO, 2005b

This is well below the OECD average and Malaysia in terms of HE expenditure

Financing and Governance of Higher Education

- The investment budget doubled between 2004 and 2007, but has fluctuated greatly over time



Source: Commission on Higher Education, 2008

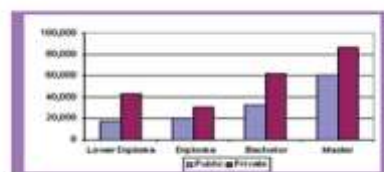
Over 80% of the budget is consumed by operational expenses; while less than 20% relates to investments

Allocations for academic research were negligible

Financing and Governance of Higher Education

- Individuals spend more on private education at every educational level ...
- but the cost of tuition and fees for private universities is *lower* than for selective admissions and autonomous universities

FIGURE 5-4: ANNUAL EXPENDITURE PER PERSON BY EDUCATION LEVEL, IN BAHT



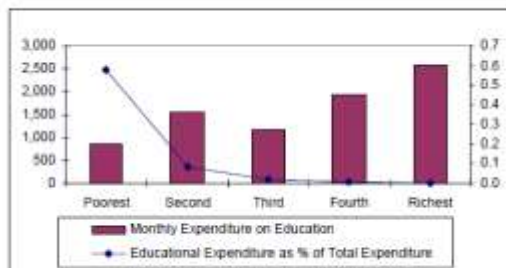
Source: Children and Youth Survey 2002

Government subsidies bring individual costs down

Financing and Governance of Higher Education

- The poorest households spends about one eighth of the expenditures of the richest households

FIGURE S-5: PRIVATE EXPENDITURE IN HIGHER EDUCATION BY INCOME QUINTILE



Source: Socio-Economic Survey 2006

But this represents 60% of income for the poorest households vs. 1% for the richest households

Financing and Governance of Higher Education

- In Thai HE, government subsidies at public universities amount to 70%, while student contributions are less than 30%
- This is a highly *regressive* financing system ... with a net transfer of benefits to wealthier segments of the population
- There are several grant and loan programs to help defray private costs; but allocative efficiency has been low and default rates high

Financing and Governance of Higher Education

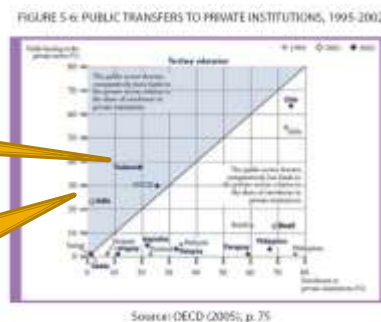
- CHE could consider implementing a program of financial incentives to encourage public universities to generate additional resources (philanthropic donations, continuing education programs, consultancies, research contracts, etc.)
- Only few countries have been able to expand their HE, while improving its quality, without levying financial contributions to students (e.g. China, Scandinavia)

Financing and Governance of Higher Education

- Thailand has been at the forefront of mobilization public funds for private HE development

The public sector contributed 40% of private sector funding

But private sector student enrollment share has been on the decline



Financing and Governance of Higher Education

- Need to reduce bureaucratic burden on HE. Highly centralized system, highly regulated by CHE
- Vision for Autonomous universities, but slow in implementation.
- Transfer power to promote administrative autonomy, free civil-service pay scale and encourage local-decision making.
- Quality assurance and accreditation process to promote high standards of performance

Challenges and Policy Implications

Challenges and Policy Implications

Strengthening the Thai Higher Education System will require:

- Focus on quality at all levels of the education system
- Sustain HE reform – introduction of quality assurance, governance and financing reforms have tended to lack coherence and continuity, and adopted an “ebb-and-flow” pattern.

Challenges and Policy Implications

- Variety of HE institutions has been a strength to cater to different populations, but in practice individual institutions tend to be weak in terms of explicit organizational goals and institutional structures to accomplish them.
- Greater responsiveness to labor market demand for skills and entrepreneurship

Challenges and Policy Implications

- Address challenges in HE governance and financing reforms to promote greater flexibility/responsiveness in university management and equity in access
- Promote research and development as well as university-industry linkages

Challenges and Policy Implications

- Promote ICT absorption and e-learning/distance education opportunities
- Promote *strategic* partnerships for international cooperation, leading to the expansion of research networks

Thank You