

# **A Proposed Voucher System for the Higher Education of Hong Kong**

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## **Abstract**

A voucher system, named financial-rebalance funding system, has been proposed to be adopted for higher education in Hong Kong in 2002. Education voucher has been proposed by Friedman as early as 1955, and reaffirmed by Gary Becker in 2002. Although, education voucher system has attracted much discussion and debate worldwide since its introduction, most of the discussion and debate are for primary and secondary education. Moreover, very little research has been undertaken on the opinions and attitudes of stakeholders from the supply-side and demand-side. Without input from these stakeholders, a funding mechanism might not function as what it is supposed to.

This study has collected opinions and attitudes of stakeholders of private-funded institutes towards the adoption of a voucher system for higher education in Hong Kong. Based on past discussion and debate, seven aspects of a voucher system will be discussed: student choice; diversification of education; diversification of fund sources; equity; performance of the demand-side; performance of the supply-side; and autonomy. An analysis of the consensus and discrepancy between stakeholders of private-funded and government-funded institutes would be given. With these two sets of concern, an ideal funding model will be worked out.

## **Introduction**

Voucher systems have been proposed and advocated by not just many educationalists, but also many economists since its introduction. For example, Karmel (1991) pointed out that student-centred funding (such as education voucher) can promote institute autonomy.

Although voucher has been discussed and proposed for some time, most of the discussions focus on primary and secondary education, very few discussions and proposals have been made of higher education. There could be several reasons, compared with higher education institutes, primary and secondary education are more structure in term of subject offered, that is almost all primary and secondary schools run mathematics subject, but not all institutes run medical programmes. Therefore, under a

voucher system, a school might not need to respond to labour demand, but for institutes, failure in meeting labour demand might result in low student enrolment.

Therefore, the effects that a voucher system will have on primary and secondary education might be different than those on higher education institutes. Moreover, very little research has been undertaken on the opinions and attitudes of stakeholders from the supply-side (universities) and demand-side (students). The research study is try to address the above two unanswered issues.

### **Features of a voucher system**

In order to find out the effectiveness and functionality aspects of a voucher system, a search of literature had been carried out and the features, rationale, dimensions and functions of voucher systems have been synthesized and categorized as follows:

#### Student Choice

- Voucher can provide consumers with choices (West, 1997), and equal right of choice in education (Zhang, 2000).

#### Diversification of education

- In order to compete for students, institutes have to respond the student and labour demands (Albrecht & Zideman, 1992). Competition can also increase incentives for dynamic innovation (West, 1997).

#### Diversification of fund sources

- Under marketing orientation, tuition fees and productive activities can produce funds for education (Johnstone, 1998);

#### Equity

- Voucher system can provide students with equal opportunity without discrimination (West, 1997; Zhang, 2000). Zhang (2000) further suggests that private institutes should have the equal right of getting public funds. Voucher funding can stimulate increased provision of educational places, so it can increase overall student access to institutes (Albrecht & Zideman, 1992). Students are given equal opportunities of studies is an important issue (Hui, et al., 2001)

#### Performance of the demand-side

- People want to shape their own destinies by choosing their preferred academic programs and institutes, such a decision can stimulate interest, participation, enthusiasm and dedication (West, 1997). Students might perform even better if only the best students are given vouchers (Albrecht & Zideman, 1992).

#### Performance of the supply-side

- In order to compete for students, institutes have to respond the students and labour demands (Albrecht & Ziderman, 1992). Competition can also increase efficiency and quality (Albrecht & Ziderman, 1992; West, 1997; Zhang, 2000), lead to ultimate use of the limited public funds (Zhang, 2000), and reduce costs (West, 1997).

### Autonomy

- Institutes no longer need to be assessed by government's performance indicators (Albrecht & Ziderman, 1992), thus they will have more autonomy (Johnstone, 1998).

### **Research Questions**

After a review of the literature on functions and effects of the voucher system, this research will try to answer two questions:

*What do the stakeholders of students and staff members of private-funded higher education institutes see as elements of a voucher system contributing to a successful funding model for higher education in Hong Kong?*

*Do students and staff members support the adoption of voucher system as a funding model for higher education in Hong Kong? Why?*

Other focused questions of the study include:

- Can a voucher system give student a freedom of choices? Is such freedom good to students?
- Will voucher system lead to diversification of education? What would be the benefits and harms that such diversification will bring to higher education?
- Will voucher system lead to diversification of fund sources?
- Can voucher achieve equal opportunity in education?
- Under a voucher system, students can shape their own destinies. Can such a decision stimulate interest, participation, enthusiasm and dedication for their studies?
- Can voucher system provide incentives for the supply-side to improve performance (such as education quality, and better use of public funds)?
- Will vouchers system offer more autonomy to higher education institutes? How will autonomy affect education quality?
- Who will benefit from a voucher system?

- Should private institute have equal right of getting public funds?

## **Research Design and Method**

To gain inputs from the key stakeholders, interviews and focus group had been used. All participants were classified as either demand-side (students of private-funded higher education institutes) and supply-side (both academic and administration staff members). Focus group interview with structured questions were used for demand-side. Individual interview with same set of structured questions were used for supply-side. As the structured questions are related to both demand-side and supply-side, the questions for both sides will be the same (please refer to Appendix A for the Interview Template).

The research focused on the seven features of voucher system: student choice; diversification of education; diversification of fund sources, performance of the demand-side; performance of the supply-side; and autonomy.

After gaining the contributions from the demand-side and supply-side stakeholders, an analysis of discrepancy and consensus from the two key stakeholders, and the discrepancy and consensus between the stakeholders of this research and the stakeholders of government-funded institutes of another research would be given. Based on the analysis, an ideal voucher model would be proposed.

The reasons of using structured focus group interviews for demand-side were: (1) to gather data relating to the feelings and opinions of a group of people who are involved in a common situation; (2) the moderator can stimulate participants to discuss their opinions; and (3) by listening to other members' views can encourage interaction and participation. The number of participants for each focus group will be around five students.

Structured individual interviews will be used for the supply-side as the participants of the supply-side were academic professionals or executive staff members, they should have sufficient experience in voicing out their opinions.

A room will be set up in one of the universities, the City University of Hong Kong where the researcher is working with, for interviews. The room will provide a comfortable environment for interviews to take place and it can further enhance strict privacy and confidential control. In any circumstance, the interviewees were under no obligation to participate in, or decline from, the interview.

## **Sampling Strategy**

Demand-side (students) and supply-side (staff members) of private-funded higher education institutes in Hong Kong were invited to interviews. The researcher was the sole interviewer and focus group moderator for this study.

There were eight focus groups (five students per group) and 16 individual interviews (both academic and administration staff) had been arranged for the eight private-funded higher education institutes/providers in Hong Kong.

The researcher went to the entrance outside the target institutes/education institutes, an intercept technique was used to invite students to attend the interviews while the students were entering or leaving the institutes.

For recruiting staff members to interviews, invitations for the interview were sent randomly to staff members using email.

### **Interview Process**

Interviews were conducted in a face-to-face mode. Questions for interviews were listed in an interview template (Appendix-A). Each interview lasted for about 30 minutes. Notes made during interviews were used to recall what participants said and to provide contextual understanding. The opinions were captured in plain English but a clear note of the respondents' views on the question were expressed on a 3-point scale "like, neutral, and dislike" (similarly for "agree", "neutral" and "disagree"). Please refer to Appendix B for the interview statistics.

All information about the interview was read out by the interviewer prior to the interview. Participants were given an information sheet and consent form for reading by the interviewer prior to the focus group and individual interviews.

### **Finding and Analysis**

A summary of the analysis of the survey will be given below (detail statistics are attached in Appendix-B). The analysis includes the discrepancy and consensus between the opinions and attitudes of the two supply-side and the demand-side. In the section of 'the opinions of private-funded and government-funded respondents, the discrepancy and consensus between the stakeholders of government-funded universities and private higher-education institutes will also be given.

### **Student Choice**

Most respondents (68.8% of supply-side and 75% of demand-side) supported giving students free choices in selecting programmes and institutes. However, at the same time they also reflected that they do not support letting a student changing programmes or institutes once the student has made his/her decision. The argument was that changing programmes too frequently would waste a student's time, and switching among institutes frequently would reduce his/her sense of belonging to an institute.

The main reasons why the supply- and demand-side supported giving student free choice were: (a) a student should have right to decide what programme to study, and which institute to attend; (b) a student at high-education level should be mature enough to make his/her own decision and to shape his/her future; (c) forcing a student to study an undesired programme or to attend an unwanted institute would seriously affect the student's interest in studies; (d) market-orientation among institutes might be enforced.

On the other hand, the main reasons why those objected free choice were: (a) most students' choices of programme are too career-oriented, as a result, those

programmes with poor career prospects would easily be phased out; (b) it would be difficult for institutes to make long-term education planning without a stable income. For example, if the demand for social work fluctuate drastically years from years, it would be ridiculous for an institute to set up a social work department for one year, close it the other year, and then rerun the department again the year after; (c) students would know what studies they like, but they might not have enough information of supply-and-demand of certain knowledge/skills of the future. In this case, it might result in over- or under-supply of graduates of certain knowledge/skills.

In regard to equal right of choice, many demand-side respondents (62.5%) and 43.8 of supply-side did not expect free choice could achieve equal right of choice in education. Their main worries were: (a) without a promised fund support (by government or other resources), very few institutes would take the risk of setting up huge-investment or equipment-intensive programmes such as medical science and mechanical engineering programmes; (b) compared with other developed countries, the variety of career choice is very limited in Hong Kong. For instance, jobs related to agricultural or biology are very scarce; (c) less-popular programmes would be axed. All these worries reflect that number of choice of study programmes under voucher system would be less than what could be found at present. Therefore, free choice might deprive the right of students to choose these huge-investment-needed or less-popular programmes.

For factors affecting a student's choice of study programme and institutes, most respondents (over 80% of both supply- and demand-side) chose career prospect as the major and critical factor, other factors include reputation of an institute (this factor also contribute to a student's future career prospect), facilities such as computer equipment and library, qualification of teaching staff members, teaching quality, and campus location.

It is interesting to find that many respondents supported students' free choice, nevertheless at the same time, almost the same number of respondents (62.5% of supply-side and 70% of demand-side) disagreed government provides higher education to students purely based on their preference. The major arguments observed were: (a) students' preference might not be in-line with the skills/knowledge the labour market needs; (b) there would hardly be any coordination among institutes about the demand and supply of study programmes, it might result in sever over- or under-supply of graduates of certain skills/knowledge; (c) students might not have enough information to make decisions, so their decisions might be affected by only present trends; they have no planning for longer term economy development need.

With a funding model based on student choice, some unpopular programmes or institutes might be axed due to insufficient student enrolment. Some respondents pointed out that those axed programmes might not be out-dated or poor-quality ones. On the contrary, they might be valuable with high education quality. Therefore, it could be difficult to determine which programmes should be maintained, and which should be discarded. This dilemma also applies to unpopular institutes - such institutes might be of very high academic standard but their programmes just did not suit students' tastes.

## **Diversification of education**

About half of the supply-side expected education would be diversified as they assumed institutes would try to explore more programmes to attract more students. However, 70% of the demand-side had opposite idea – they reflected that most programmes would be axed, and only those few profitable ones would be left. The respondents further supported their argument by pointing out that many common engineering-based programmes, such as mechanical engineering programmes, could easily be found in government-funded universities, but such programmes can scarcely be found in private-funded institutes in Hong Kong.

A majority of over 60% of both supply- and demand-side expected more dynamic innovation for education. Their arguments were: (a) in order to attract students, institutes would develop their own gimmicks; (b) institutes would constantly try to find new education methods to minimize cost and maximize return; (c) education is commonly delivered with the help of computer technology nowadays, and such technology keeps changing from time to time.

## **Diversification of fund sources**

As mentioned previously that some study programmes, such as equipment-intensive programmes, might have a higher setup and running cost, so most respondents (68.8% supply-side and 65% demand-side) proposed top-up fees as they found it fair who benefits more should pay more. For those who questioned top-up fees thought that it might place a burden to the disadvantaged. Some respondents recommended government could offer non-mean-test loans to students to cover the top-up fees.

In the case that some study programmes and institutes did not have sufficient student enrolment to support the operation cost, staff members might need to spend more time and efforts in other productive activities. To this issue, most respondents (81.3% of supply-side and 77.5% of demand-side) were worried that education quality would deteriorate as many of them doubted that spending more time in other productive activities not only reduce staff members' time in education, but also shift their focus and concentration from education to money-making business.

## **Equity**

There are three main aspects related to equity of a voucher system: equal opportunity without discrimination; student access; and who should get public funds.

In a government-control enrolment quota system, most of the programmes would admit students based on their public examination results. Whereas in a voucher system, programmes would admit as many as students as they can as more students means more funding. Therefore in a voucher system, as long as a student can fulfil the basic entry requirements, he/she would have better chance of being admitted to a programme than in a quota-control system. Such a view was supported by 62.5% of supply-side and 25% of demand-side. 60% of demand-side had a different idea about equity in this aspect – as a voucher system might result in certain types of programmes being axed, such as high-cost

programmes, so it would only deprive the right of students from entering such programmes.

Most respondents (75% of supply-side and 60% of demand-side) anticipated overall student access to institutes would be increased. Two main reasons were observed: (a) institutes would try to increase revenues by admitting more students; (b) institutes would better utilize funds under a voucher system, therefore with the same amount of government budget, more places would be offered due to lower unit cost.

Due to the support of market-orientation, most supply-side (81.3%) and demand-side (55%) proposed that both private and government-funded institutes should have equal right of getting public funds, however, when some respondents questioned whether such vouchers can be used to support overseas studies, many respondents rejected the idea as they thought the education funds are mainly from local tax payers, so such funds should be contributed back to local economy.

### **Performance of the demand-side**

Many respondents (75% of supply-side and 60% of demand-side) believed that letting students make their own choices would stimulate interest, participation, enthusiasm and dedication. However, at the same time, 40% of demand-side doubted that those students who are excluded from higher education in present quota-system is not due to their ability, but due to their lack of interest in studies, therefore, whether giving them choices or not, it would not change their attitudes much.

Most respondents agreed that competition would increase student incentives to perform better. However, 50% of supply-side and 62.5% of demand-side disagreed the introduction of competition into a voucher system. Their main argument was that as a voucher system could provide students with choices and equity of access without discrimination, therefore as long as a student could achieve a certain standard, the student should be given a voucher.

### **Performance of the supply-side**

There were some interesting discussions about the performance of the supply-side under market-orientation. Many respondents believed that institutes would try to perform better under competition. However, some respondents pointed out that it would happen only in the beginning of introduction of a voucher system, after sometime, when some institutes could not win the battle through improving education quality, they might choose another way of survival – by lowering the academic or education standards to attract certain types of students, such as lowering passing scores. Therefore, institute performance would move towards either one end of the quality spectrum – either perform good by improving education quality, or perform bad by lowering education standard. As a result, although 50% of supply-side and 42.5% of demand-side believed that quality would be improved, however there were still 31.3% of supply-side and over 40% of demand-side who stayed neutral for this issue.

In order to compete for students, it was commonly believed (75% demand-side and 65% of demand-side) that institutes would try their best to respond to student demands as long as resources allowed. In regard to labour demands, over 80% of both supply- and demand-side respondents expected such demands would also be responded by institutes as most students considered career prospect the most important factor in their choice of study programmes and institutes.

In a voucher system, institutes might not have a steady income every year, so most respondents (75% of supply-side and 70% of demand-side) agreed that institutes would be more cautious in spending their money, while 30% of demand-side challenged that some institutes with strong earning power might spend even more in luxuries so to build a better image and differentiate themselves from weaker institutes.

### **Autonomy**

In a voucher system, institutes earn their revenues by enrolling students, so the government could not control how much an institute would get, nor the ways an institute would spend the money. As a result, 81.3% of supply-side and 70% of demand-side predicted institutes would have more autonomy than before. However, almost 40% of respondents (37.5% of supply-side and 42.5% of demand-side) showed worry about several issues: (1) without government control, it would be difficult to ensure that the funds would be devoted entirely to education; (b) no control or indicators for educational standards; (c) the offered programmes might just meet students' tastes, but they could not be in line with long-term economic need; (d) without a centralised coordination role among institutes, it might result in over- or under-supply of graduates of certain skills or knowledge.

With the above reasons, almost 50% of the respondents (43.8% of supply-side and 57.5% of demand-side) were worried about education quality might deteriorate without government's performance indicators.

### **Overall opinion and attitude**

More supply-side (81.3%) than the demand-side (62.5%) expected that students could benefit from a voucher system. Several reasons were observed: (a) students might have more choices in programmes or institutes, and (b) institutes would respond to labour and student demands; (c) if private institutes had equal right of getting public funds, it would provide students with more choices.

Very few respondents (12.5% of demand-side and 17.5% of supply-side) thought that staff members might benefit - most respondents would expect heavier workload, more job insecurity, and higher pressure from meeting labour and student demands under market-orientation.

About half of the supply-side expected that some stronger institutes might further improve their quality and reputation as they might help attracting more funds.

Almost 80% respondents believed government would benefit from a voucher system as there would be much less administrative and negotiation work with institutes about fund allocation, academic planning, and setting and measuring quality indicators.

It seemed student choice is an attractive point to most respondents, therefore over 60% of respondents (68.8% of demand-side and 60% of demand-side) showed interest in implementing a voucher system. Some important findings observed for this are: (a) a student might have better chance of studying the programme and institute he/she want, this should stimulate interest, participation, enthusiasm and dedication for his/her studies; (b) voucher could provide students with more choices; (c) student access to institutes could be improved as the unit cost might be lower under market-orientation; (d) labour and student demand would be better responded. Alongside the above supportive arguments, some supporters of a voucher system did show worry about the over- and under-supply of certain skills/knowledge, and unmatched-skill/knowledge for long term economic development needs.

Due to the uncertainty and unanswered questions, 62.5% of supply-side and 80% of demand-side would like to wait for the experiences of more successful cases from other countries.

### **The opinions of private-funded and government-funded respondents**

Another prior research, titled the adoption of a voucher system in government-funded universities: perspectives of higher education students and workers of Hong Kong, had been done to collect contributions from key stakeholders (demand- and supply-side from local government-funded universities) on the adoption of a voucher system in government-funded universities. As over 50% of the stakeholders suggested that private institutes should also have equal right of getting public funds, a survey of the stakeholders in the private sector was done so that the stakeholders of both the government- and private-funded institutes could give valuable inputs to the government and the UGC to consider the design and implementation of an appropriate and acceptable voucher system.

It seemed that student choice had attracted a number of respondents from both demand- and supply-side of both the government-funded and private-funded institutes – they did support letting a student choose what study programme he/she likes, and which institute he/she wants. However, among these supporters, many of them did not agree giving too much freedom in change of choices – a student should not change programme or institute once he/she has made a decision, otherwise it would waste students' time, and waste the limited government-funds.

Over 50% of government-funded respondents predicted that free choice could achieve equal right of choice in education as students would no longer be restricted by the government-control enrolment quota system. On the contrary, however, over 60% of demand-side of private-funded did not agree free choice could achieve equal right, the two main arguments were that high-cost and unpopular programmes would be axed, and

the economy of Hong Kong is not as big as other developed countries so as to offer a great variety of study programmes to meet students' choices.

Even though student choice was so appealing to the majority of respondents, the constraints and limitations caused by free choice had not been underestimated – over 60% respondents of both government- and private-funded did not propose the government to provide higher education purely based on students' preference. Several reasons observed: (a) programmes that meet student's preference might not meet the long-term economic development need of the society; (b) students might not have enough information to make appropriate decision; (c) there might not be any coordination among institutes to meet the demand-and-supply of certain knowledge/skills; (d) instability and extra pressure for staff members and institutes.

Due to the nature of market-orientation of a voucher system, the funding stability of an institute could hardly be promised, therefore, the majority of the respondents were worried about weaker institutes and unpopular programmes might be axed.

Around 70% of all respondents, except 50% supply-side of private-funded institutes, anticipated market-orientation would result in fewer types of programmes to be offered by institutes as many high setup- and running-cost programmes would be axed. Whereas those who had opposite idea believed that institutes would try to explore more new programmes to attract more students.

As institutes might try to find new education methods to minimize cost and maximize return, most respondents assumed that more new methods would be innovated. Still, some supply-side of government-funded questioned that once a good method was found, others might just mimic the method rather than innovate new ones.

Based on the ground that who benefits more should pay more, the majority of respondents (around 65%) supported top-up fees for higher-unit-cost programmes and institutes. At the same, a majority of over 75% were worried about education quality might deteriorate if staff members were forced to spend time in productive activities.

There were no strong opinions about whether voucher could achieve equal opportunity without discrimination. Different ideas had been observed: (a) under a voucher, a student would have better chance of being admitted to a programme and an institute that he/she wants than in a government-control-quota system as most institutes would try to accept as many students as they could; (b) stop running certain programmes, such as high-unit-cost or unpopular ones, might discriminate students opting for such programmes; (c) even there were no government-control enrolment quotas, there enrolment would still be constrained by physical limitations, such as venue spaces and resources available.

As it was anticipated that most institutes would try to accept as many students as possible, most respondents believed that overall student access to institutes would be increased.

One of the interesting findings was that over 70% respondents of private-funded institutes and around 50% respondents of government-funded supported private institutes should have equal right of getting public funds, their main argument was that funds should be allocated to good performers, irrespective of whether they are private- or government-funded institutes. While those who objected to it expressed a strong demand for protecting local public institutes.

Most respondents supported student choices as they thought students shaping their own destinies could stimulate interest, participation, enthusiasm and dedication for their studies. Despite that, there is a discrepancy between private- and government-funded respondents about whether student should compete for limited supports and only the best students should be given vouchers. Over 60% respondents of government-funded opted for competition as it would increase student incentives to perform better. On the hand, over 50% of private-funded objected competition focused on equity – those who could achieve certain academic standards should be given vouchers.

In regard to performance of supply-side, respondents of both private- and government-funded shared similar views: (a) they anticipated a voucher system could increase incentives to improve education; (b) institutes would better respond to students' demands; (c) institutes would try to offer programmes that meet the labour demands; (d) due to instability of revenues, it would lead to ultimate use of limited public funds.

Government control would be substantially reduced in a voucher funding system, therefore most respondents (around 70%) predicted that institutes would have more autonomy than present. However, over 50% of all respondents were not sure whether autonomy could bring benefit to higher education. The major questions about autonomy identified were: (a) institutes might perform good (to improve education quality and to build up better reputation), or perform bad (just focus on profit-making business, and attract certain types of students by lowering academic standards); (b) without government control, the funds an institute received might not be devoted back to education; (c) the offered programmes might just meet students' tastes, but could not be in line with long-term economic development need; (d) without coordination among institutes, it might result in over- or under-supply of graduates of certain skills or knowledge. With all these unanswered questions, around half of all respondents were worried that education quality might deteriorate without government's performance indicators.

It was commonly believed that students and government could benefit from a voucher system – students could have choices in programmes and institutes, such choices would stimulate their interest and devotion to their studies; government could reduce efforts in administrative and negotiation work with institutes about fund allocation, academic planning, and setting and measuring quality indicators.

Although most respondents regards students the main beneficiary under a voucher system, surprisingly, around 70% of respondents of government-funded showed no enthusiasm in implementing it as they foresaw higher instability to staff members and institutes, and education would become too commercialised. For the respondents of private-funded, as they were already running under market-orientation and had more

experiences with it, hence over 60% of respondents were eager to have a voucher system implemented in higher education in Hong Kong.

Nevertheless, such a change from government-funded to a voucher system would imply a substantial change to higher education, most respondents, especially 90% government-funded students, would like to wait for the experiences of more successful cases from other countries before a voucher system is to be implemented on a large scale for higher education in Hong Kong.

### **A Proposed Voucher System**

There have been a number of discussions on education voucher system, such as Jencks (1970), Albrecht & Ziderman (1992), West (1997), and Zhang (2000), since its introduction in 1955 by Friedman. The focus of their discussions are mainly related to the effectiveness and functionality aspects of a voucher system, whilst some other researchers, who also regard voucher as an efficient funding model, have moved a step further by discussing the issues of implementation of voucher systems. The issues include, for example, providing sufficient information for students to make decisions, the decision on types of voucher: standardized or differentiated face-value vouchers (Dohmen, 2000), the level of studies to be covered and the likes.

In the two survey studies (a prior one for the stakeholders of government-funded institutes (Cheung, 2003)zz, and this one for the stakeholders of private-funded), the supply- and demand-side had given a lot of valuable contributions regarding different aspects of a voucher system, these contributions included what they agreed and disagreed, and what questions remain unanswered. Based on these contributions, a voucher model for higher education of Hong Kong would be proposed below.

A voucher system can, by nature, provide students with choices in study programmes and institutes. However it is suggested that such choices should be used for their first year of studies so to force students to be serious about their decisions and not to waste time in changing programmes too frequently. It also suggests limiting the students' chances of switching among institutes to maintain certain sense of belongings and loyalty to an institute.

For high-unit-cost programmes, top-up fees should be allowed so to cover the cost and make such programmes more financially-viable. In order to protect the disadvantaged students and to maintain equity of access to these high-unit-cost programmes, government might offer non-mean-test loans to students. In order to give students more information about selecting programmes, and coordinate the supply-and-demand of certain skills/knowledge, the government might set up a publicly-accessible centralised database containing information like: (a) the labour demand of short-term and long-term need; (b) the information, such as location, venues and facilities, of all institutes, including government- and private-funded; (c) the programmes to be offered by each institutes together with respective targeted intake quota for each programme; (d) the top-up fees, if any, for some programmes.

For some endangered programmes, such as those valuable ones but with low student demand, the government might offer subsidy to these programmes and let institutes to bid for them.

In order to better promote market-orientation and provide more choices, private-funded institutes should have equal right and chance of getting public funds/vouchers.

To balance between the equity of student access and enforcing student incentives to perform better, those who can achieve a certain standard should be given vouchers, but such standard should be set at an appropriate level so to ensure students would try their best to achieve it.

As most respondents were worried about education quality might deteriorate without government's performance indicators, certain indicators would be maintained in a voucher system. Such indicators could be, for example, setting up basic facility requirements for certain courses, specifying student-staff ratio, specifying safety measurements for campus setting, standardised academic qualifications of teachers for different levels of studies, and auditing examination paper standards and marking schemes.

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