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**The Development of University-Level Distance Education
in the Context of Hong Kong's Transition from a British Colony
to a Special Administrative Region of China**

By

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ABSTRACT

China resumed sovereignty over Hong Kong on 1 July, 1997. After being a British colony for more than 150 years, Hong Kong became a Special Administrative Region of China following the "one country, two systems" policy. This dissertation is concerned with the examination of the market changes in Hong Kong's university distance education in the transition period.

Information about respondents' demographics, evaluation and intention to pursue further study through distance education programmes was collected by sending questionnaires to two types of subject: current students using distance education programmes and potential adult students in Hong Kong. A total of five groups were identified as representing the first type of subject: students of the Henley Management College/Brunel University (UK) - MBA programme, the Curtin University of Technology - Bachelor of Commerce and Master of Accounting programme (Australia), and the Open University of Hong Kong - Bachelor of Business Administration and MBA programmes. The second type of subject comprised Hong Kong adults who were interested in studying via distance education programmes. One group of subjects were visitors to the Hong Kong Education Expo 1996, and they were classified as potential students who wished to study in distance education programmes in Hong Kong.

All the data were processed using the Statistical Package for Social Science software programme. The research questions were tackled by the resultant data and analysis. The important findings obtained from the subjects are:

- a) The need for higher-degree-level programmes is very great among Hong Kong's distance learners. The decision to undertake further study to distance Master degree level after completing a distance Bachelor degree aptly demonstrates this situation. Consideration should, therefore, be given to developing distance Master degree programmes for students currently studying distance Bachelor degree programmes, and distance Doctorate degree programmes for students currently studying distance Master degree programmes. The majority of distance students, particularly at the higher-degree-level, tend to be in the higher-income bracket.
- b) Hong Kong adults who are interested in distance education programmes come from different occupation segments. Their choice of further study varies according to their needs and occupations. Consideration should be given to repositioning the current distance education programmes, particularly at Bachelor's degree or Diploma level. In addition, a segment comprising housewives has been identified as potential students for Bachelor's degree programmes by this study.

In the further discussion about Hong Kong during the transition period, Fägerlind and Saha's Dialectical Model is used to examine the development of Hong Kong's higher education system with three important dimensions: political, economic and social forces. Finally, this analysis provides three possible alternatives of development for the integration of Hong Kong's and China's higher education systems in the post-transition period: "One Country, One System", "One Country, Two Systems", and "One Country, Many Systems".

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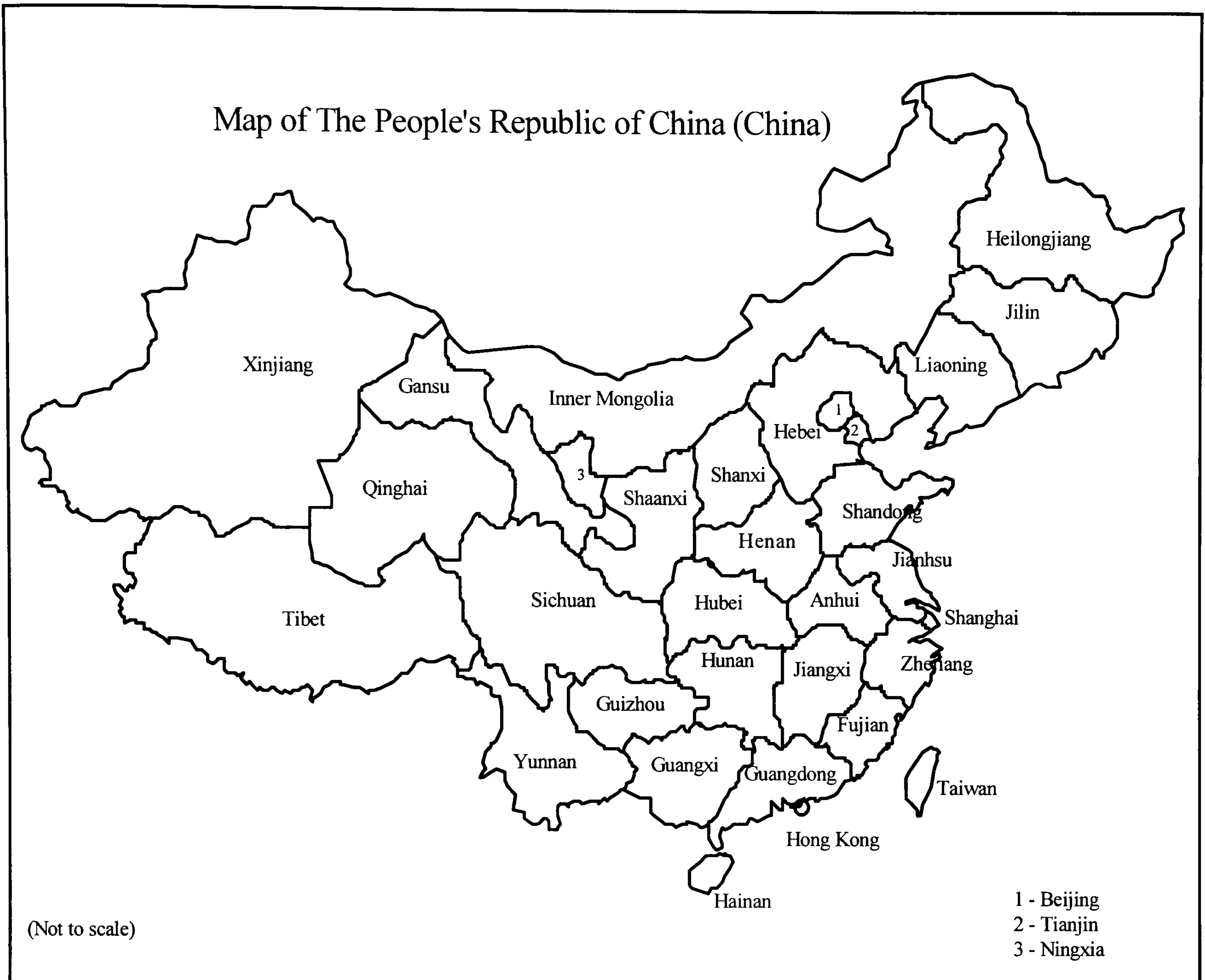
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Chapter One

Introduction

Orientation of the Study



Source: Goodman, S G, 1989, China's Regional Development (London, Routledge), p. 188.

Map 1: Map of The People's Republic of China

Hong Kong lies inside the tropics on the Southeast coast of China, adjoining the province of Guangdong (Map 1: Map of The People's Republic of China). Over 88% of the people in Hong Kong speak a Chinese dialect, Guangzhouhau, and share the heritage of one Chinese culture. Geographically, Hong Kong consists of three main areas, namely Hong Kong Island, Kowloon and the New Territories. The total area is

about 1,066 square kilometres, including about 235 outlying islands, the biggest of which is called Lantau on which a new airport is being constructed.

Since 1842, Hong Kong had been a British colony established by the Treaty of Nanking. In the early days it was a small fishing village of about 2,000 people, almost entirely lacking in natural resources. Rabuska (1979, p. 12) wrote about early Hong Kong saying "its mineral wealth is negligible, consisting of a modest amount of iron ore, building stone, kaolin clay, graphite, lead, and wolfram. Most of the activity in the mining and quarry industry concentrates on the production of building stone and sand." Hong Kong remained a British colony until 30 June, 1997, when the sovereignty of the territory reverted to the People's Republic of China (China). In 1984, the Prime Ministers of Britain and China had signed the Joint Declaration in Beijing and agreed that Hong Kong would become a Special Administrative Region of China on 1 July, 1997, and would be allowed to continue its present system of government and economy for another 50 years.

By late 1991, over 5.6 million people were living in the small area of Hong Kong. Between 1961 and 1991, the resident population of Hong Kong had increased dramatically by 2.5 million. This increase in population was mainly due to the influx of immigrants from China in the periods of 1950-60 and 1976-81 (Census Planning Section 1993, pp. 25-32). Despite social problems created by the huge immigration, it provided a workforce and capital resources for Hong Kong's early industrialisation. Riedel (1974, p. 41) explained that the increasing immigration from China contributed a key factor for Hong Kong's industrialisation, transforming its economy

from one dominated by entrepôt trade to an important manufacturing and commercial centre in the short period between 1950 and 1980.

Hong Kong has now become one of the Four Little Dragons of Asia. According to the 1993 Report of the Asian Development Bank, in terms of the 1991 per capita Gross National Product, Hong Kong's was over US\$13,200, which was even better than those of the other three Little Dragons, Singapore (US\$12,890), Taiwan (US\$7,890) and South Korea (US\$6,340) (Asian Development Bank 1994 pp. 108, 150, 264, and 298). Rabuska claims (1979, p. 2) that the success of Hong Kong's economy can be ascribed to the adoption of a "laissez faire" or free market. In fact, external events, particularly those in China, are influencing the development of Hong Kong far more deeply. In the 1980s, two external environmental events occurred that affected Hong Kong's economy and education policy.

The first event took place when China launched the "open door" policy in 1979. Attracted by low production costs and geographical proximity, Hong Kong manufacturers have to a great extent shifted labour-intensive production into China, mainly to Special Economic Zones such as Shenzhen and Zhuhai. This investment was made to offset sharply rising production costs in Hong Kong. With this trend continuing, the proportion of the total employed population working in the manufacturing sector has declined significantly. By 1980, manufacturing employment was about 907,500 persons, or 39.1% of the total employed population. By 1994, manufacturing employment was only 570,200 persons, or 19.6% of the total employed population. In the years between 1980 and 1994, the manufacturing sector

was estimated to have lost over 337,300 jobs. Begg et al. (1987, p.573) define structural unemployment as "the unemployment arising because a mismatch of skills and job opportunities when the pattern of demand and production changes." In Hong Kong, the emergence of industrial migration has resulted in structural unemployment. In 1990, the unemployment rate in Hong Kong was about 1.3%, and this had increased to an average figure of 3.5% by 1995. Hong Kong had a total employed population of 3 million in 1995. A 3.5% unemployment rate indicated that about 105,000 persons were unemployed (Census and Statistics Department 1990 p. 35; Census and Statistics Department 1995, pp. 16-17).

The Hong Kong Government estimates that the structural changes of industry will continue and the share of manufacturing employment will drop by 4.5% a year on average between 1991 and 2001. The number of manufacturing employees will be reduced to 426,600 by 2001. This means that the proportion of the total employed population in the manufacturing sector will drop significantly from 26% in 1991 to 13% in 2001 (Education and Manpower Branch 1994, p. 24). The unemployment rate, particularly for those employed in the manufacturing industry, will get worse. As Hong Kong no longer relies on manufacturing, the provision of training programmes for the workforce to adapt to the change caused by industry emigration is an urgent matter for the Hong Kong Government.

The second occurrence was the Tiananmen Square "Crackdown" – on 4 June, 1989. The Hong Kong stock market's Hang Seng Index had reached 3,079 in mid-April, 1989, but immediately dropped 581 points - from 2,674 to 2,093 - after the 4 June

Event. This also put increased pressure on the emigration flow of Hong Kong people, chiefly among those in the highly educated sector of the workforce. The reason was simply that these Hong Kong people suffered a crisis of confidence and sought the security of a second nationality before the 1997 handover. The consequences of this event have had a far-reaching effect on the supply of highly educated people in the workforce. Some research by Maule (1990, p. 52) indicates that the net loss due to emigration has been about 18,000 persons per year during the period between 1989 and 1996. About 7,600 each year are people who have had a tertiary education.

In view of the demand for highly educated personnel in the workforce and the shortage of supply, the Hong Kong Government took two important decisions on its higher education policy in 1989. The first was the establishment of the Open Learning Institute of Hong Kong. This was the first time that a post-secondary institution using open access and distance education programmes had been set up to provide higher education in Hong Kong. The second was that all tertiary institutions (including universities, polytechnics and post-secondary colleges) should be funded by the University and Polytechnic Grants Committee (currently named the University Grants Committee), in order to greatly expand the opportunity for undergraduate education. Higher education in Hong Kong then, with huge financial assistance from the Government, developed rapidly (Education Commission 1988, p. 10 and p. 43). In 1995, there was a total of 13 local higher institutions that could offer degree and post-graduate degree programmes and of these, six institutions had university status.

Due to the increased higher educational opportunities, the proportion of people aged over 15 with a tertiary education (including diploma, first degree, or postgraduate levels) has grown substantially in Hong Kong. In 1981, about 6.7% of the total population aged over 15 (or about 251,200 persons) had received a tertiary education, whereas by 1991 the proportion had almost doubled and reached 11.3% (or about 493,900 persons). At the end of 1996, the proportion reached 15.2% (or about 768,500 persons) (Census Planning Section 1993, p. 73; Population By-Census Office 1997, p. 24). With the increased supply of graduates, the sector of the workforce comprising people with tertiary education qualifications was projected to increase from 279,800 in 1991 to 378,600 in 1996 and to further increase to 501,000 by 2001, representing an impressive average growth of 6% a year over the 10 year period (Education and Manpower Branch, 1994, pp. 13-16).

In addition to full-time degree programmes, distance education programmes are also expanding quickly in Hong Kong. The distance education programmes of non-local education institutions have been introduced to Hong Kong students either by those institutions' own operational offices, by local agents/operators or through co-operation with local tertiary institutions. Most local tertiary institutions have a continuing or adult education department running various non-local and short-course programmes. In 1992, a total of 165,486 students was estimated to have attended the courses provided by the continuing education departments of local universities (Lee and Lam 1994, p. 49). The non-local education institutions provide distance education programmes to Hong Kong students from degree level to higher degree level. The number of such degree programmes is expanding very rapidly. In 1994-

1995, about 132 internationally franchised university distance education programmes were offered to Hong Kong's distance students. According to Table 1.1, the UK programmes were the largest in total (73 programmes), followed by Australia (41 programmes) and the USA (seven programmes). Business and Management was the most popular discipline (68 programmes out of the total of 132), and was mainly for higher degrees, such as the Master of Business Administration (MBA). Education was another popular discipline for Hong Kong students (18 programmes out of the total of 132).

Table 1.1: List of Internationally Franchised University Distance Education Programmes, 1994-1995

Country	UK	Australia	Macau	USA	China	Other	Total
Programme Discipline							
Business & Management	39	19	2	4	3	1	68
Computing	3	4					7
Construction	1						1
Education	14	4					18
Engineering	2	2					4
Law	3				2		5
Science & Technology	3	6					9
Social Science	2			3	1	1	7
Nursing	1	6					7
Other	5		1				6
Total	73	41	3	7	6	2	132

Source: Extracted from Hong Kong Council for Academic Accreditation, 1996, Academic Programmes Guide 1994-1995: A Guidebook on Programmes and Courses of Study offered in Hong Kong by Overseas Institutions, (Hong Kong, Hong Kong Council for Academic Accreditation), pp. 40-395.

The increasing number of local tertiary institutions and internationally franchised university distance education programmes has expanded the supply of higher level manpower as well as upgraded the educational mix of Hong Kong's workforce. A report on The Making of Managers stated that, "business and management education is now needed by everyone with responsibility and can no longer sensibly be restricted to a purely managerial stream." (Manpower Service Commission 1987, p. 6). Hong Kong's industrialisation is based on many factors, but one of the most important factors should be highly efficient manpower. Mak (1993, pp. 12-17) has identified numerous factors for Hong Kong's successful transformation into a financial centre in the last decade. These factors include economic freedom; financial liberalisation; non-discriminatory treatment of foreign banks; advanced telecommunications; low transaction costs; highly efficient manpower; and good industrial relations. Amongst these factors, highly efficient manpower is cited as an important factor in accounting for Hong Kong's rise as an Asian international financial centre in the 1990s.

In the period between 1961 and 1976, the combination of abundant labour, expanding population, capital inflow and stable government all contributed to the rapid economic growth of Hong Kong (Chen 1980, p. 225). Since 1979, China's "open door" policy has been a catalyst which enabled Hong Kong to become an important financial and business centre by 1990. If Hong Kong had been able to maintain its pre-handover system and governance, the outlook for the economy and the political and educational environment could easily have been delineated. However, Hong Kong has now changed its status from that of a colony to a Special Administrative Region of China. One perspective is that this change will bring uncertainty for Hong Kong businessmen

and people, and for those in education; and even for academic researchers. This is because the present political, economic and educational systems will be integrated into a new governance- Communist China. Therefore, it is worth examining the probable course of development of university distance education during this transition period. The reason is that Hong Kong has clearly become one of the biggest markets for internationally franchised university distance education programmes and one of the most important business and financial centres in Asia. In essence, the study of the striking change in sovereignty over Hong Kong not only provides an overall review of the current competitive market situation, but also gives an insight into the prospects for university distance education programmes and institutions in Hong Kong and the region's integration into China.

Rationale for the Study

The success of Hong Kong's industrialisation has been due basically to the stable political policy and rapid economic growth. These two elements are the vital determinants of industrial productivity and economic success for Hong Kong (Denison 1967, p. 78). The signing of the Joint Declaration between the British and Chinese Governments in 1984 resolved to end the colonial era in Hong Kong. Nonetheless, the direct impact of this declaration on Hong Kong's political and economic systems has been considerable (Chen and Zhong 1995, pp. 8-14):

- a) Hong Kong became a Special Administrative Region of the People's Republic of China (China) on 1 July, 1997; and
- b) China, using the "one country, two systems" policy, will allow Hong Kong to enjoy a high degree of autonomy, except in matters of defence and foreign affairs.

The Joint Declaration offered a dramatic prelude to Hong Kong's future. Hong Kong, as a small, capitalist and Western educated society, would return to one of the world's most populous nations, and a Communist one at that. This was a critical and historical moment for Hong Kong. During the ensuing transition period, no systematic and comprehensive investigation was undertaken to evaluate the impact of this change on university distance education programmes or institutions in Hong Kong. China should become one of the major Asian economic powers in the next century if its economic growth can be sustained (Faust and Kornberg 1995, pp. 247-255; Nixon 1994, p. 121; and Overholt 1993, p. 25). How beneficial will university distance education programmes be to China's higher education system, and what part will Hong Kong play in this process?

My research looks at these questions and touches upon many essential issues of the relationship between Hong Kong and China. It includes studies of various aspects; the political, economic, social and educational environment from the historical development to the transition period. The findings of this study will provide information for the decision makers of Hong Kong's university distance education programmes to facilitate their future improvement and development.

Purposes of the Study

While other Asian countries have suffered from frequent political transformation, Hong Kong under British rule has enjoyed rapid economic growth in the last three decades. Miners (1981, p. xvii) described the stable political existence of Hong Kong as a "living fossil of imperial government". The Joint Declaration in 1984 rang the bell for the decolonisation of Hong Kong. During the transition period, Hong Kong's environment presented many challenges. This study focuses mainly on the transition between 1995 and 1997, a critical period for the reshaping of Hong Kong's politics and policies. How did university distance education programmes and their institutions adapt to these new challenges in the transition? The findings of this study attempt to answer this issue.

The purposes of my research are:

- a) To analyse the important environmental factors and trends affecting Hong Kong's university distance education market, especially those under China's influence;
- b) To evaluate university distance education programmes in Hong Kong during the transition period;
- c) To assess the potential for the university distance education market in Hong Kong during the transition period; and
- d) Finally, to help to formulate appropriate strategies for university distance education programmes in the changing environment of Hong Kong.

Research Questions of the Study

China resumed sovereignty of Hong Kong on 1 July, 1997. After more than 150 years as a colony, Hong Kong has changed its political status and having returned to China has adopted Deng Xiao-ping's "one country, two systems" policy (Deng 1993, pp. 6-11). One cannot predict how Hong Kong will eventually integrate into the entirely different system of a Communist nation. During the transition period of 1997 and the years that follow, university distance education programmes, their institutions and markets will face irreversible changes. Therefore, the major research question for this study will be:

How will Hong Kong's university distance education market change as a result of Hong Kong's transition from a British colony to a Special Administrative Region of China?

The major research question will be tackled by considering the following five questions:

1. Will there still be a potential market for university distance education programmes in Hong Kong during the transition period?
2. What kinds of university distance education programmes will be necessary for Hong Kong's workforce during the transition period?
3. Will Hong Kong's higher education system remain unchanged after Hong Kong becomes a Special Administrative Region of China in 1997?
4. Will China be a potential market for Hong Kong's university distance education programmes?
5. What is the impact of the transition on the development of the higher education system in Hong Kong?

Organisation of the Dissertation

The chapter topics of this study are as organised below and illustrated in Figure 1.1.

Chapter One provides an introduction with reasons why the study of university distance education in the transition period in Hong Kong has become an important research issue. It sets the major research question for what is to follow in this study, showing the significance of the study.

Chapters Two, Three and Four review the literature on the changing environment of higher education in or between Hong Kong and China, providing a historical and empirical study, and Chapter Five describes the university distance education in Hong Kong/China from an international perspective.

Chapter Six documents the methodology for the design of the study, use of instruments, pilot test, and data collection and analysis. Chapter Seven presents the research results and findings to the respondent demographics of the surveyed population and research questions. Chapter Eight interprets the research findings of the distance education market and occupation segments.

Chapter Nine projects the impact of the post-transition period of 1997 on the higher education system in Hong Kong, especially in political, economic, and social terms. Chapter Ten, the concluding chapter, includes a Summary and Recommendations, as analysed in previous Chapters and discusses the Limitations of this Research and Suggestions for Future Research.

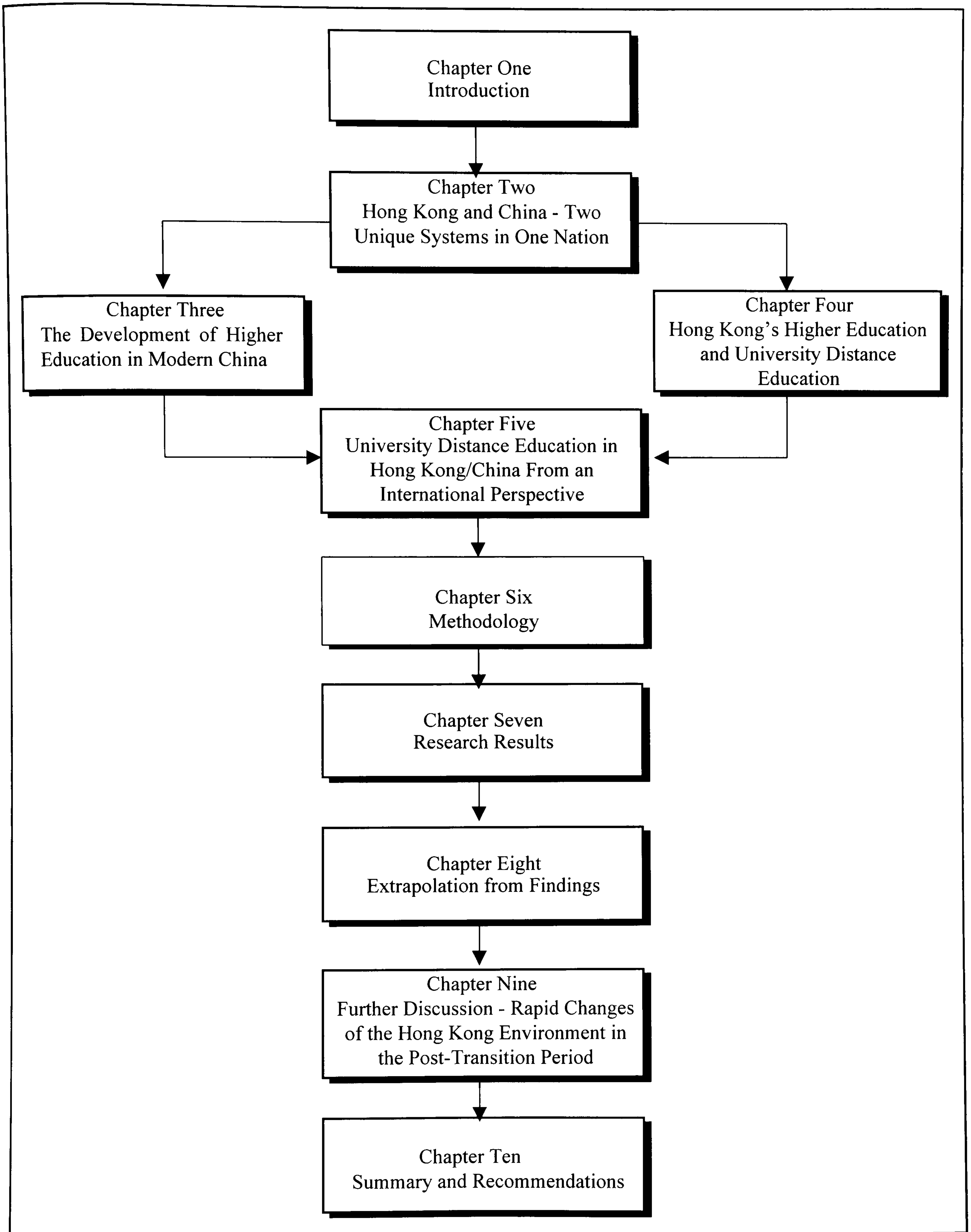


Figure 1.1: Chapter Organisation of the Dissertation

Explanation of Terms

Imperial China (1616-1911)	In this study this refers to the Qing dynasty. The Qing dynasty conquered the mainland of China in 1644 and ruled until 1911.
Republican China (1911-1948)	The Qing dynasty was overthrown by a revolutionary army in October, 1911, The 1911 October Revolution. Republican China was established by Sun Yat-sen (1866-1925), the "father of Republican China". In this study, Republican China refers to the period between 1911 and 1948 and includes the violent years of warlordism (1919-1927).
China The People's Republic of China (1949-the present)	The army of the Chinese Communist Party (CCP) won the civil war (1948-1949) against the army of the Nationalist Party (Kuomintang) led by Chiang Kai-shek (1887-1975). The People's Republic of China was founded in the capital city, Beijing, in 1949 by the Chinese Communist Party and Mao Ze-dong (1893-1976) became the first Chairman of the CCP. China is also described as Communist China in this study.
Taiwan The Republic of China (1949-the present)	The Republic of China was set up in Taiwan when the army of Chiang Kai-shek was defeated in the civil war (1948-1949). Chiang's government and its army withdrew from the mainland to Taiwan.
"One Country, Two Systems" Policy	The "one country, two systems" policy was suggested by Deng Xiao-ping (1904-1997) to resolve the question of Hong Kong's future after 1997. He explained this policy clearly on 22 June, 1984, to a Hong Kong industrial and commercial delegation. "After China resumes the exercise of its sovereignty over Hong Kong in 1997, Hong Kong's current

social and economic systems will remain unchanged, its legal system will remain basically unchanged, its way of life and its status as a free port and an international trade and financial centre will remain unchanged and it can continue to maintain or establish economic relations with other countries and regions...Our policies with regard to Hong Kong will remain unchanged for 50 years" (Deng 1993, p. 6). Furthermore, the "one country, two systems" policy has been outlined as a general principle for resolving the problem of unification of Taiwan with the rest of China by allowing two systems to co-exist in one country (Deng 1987, p. 94).

The Joint Declaration The background leading to the signing of the Sino-British Joint Declaration in 1984 is that the lease of Hong Kong was due to expire on 30 June, 1997. Hong Kong Island had been ceded on a permanent basis, but the leases of Kowloon and the New Territories, were to expire on 30 June, 1997. In the 1970s, not only Hong Kong people but also foreign investors were becoming concerned about the political future of Hong Kong after 1997. Diplomatic negotiations between Britain and China took place. The "Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong" was finally signed in Beijing on 19 December, 1984, by British Prime Minister Margaret Thatcher and Chinese Premier Zhao Zi-yang. In this Joint Declaration, Britain agreed to return the sovereignty of Hong Kong to China in July, 1997. China agreed to treat Hong Kong thereafter as a Special Administrative Region directly under the central Government, with a high degree of autonomy. The current economic, social, and judicial systems, and the way of life would remain unchanged for another 50 years.

Significance of the Research

The factors of China's continued economic growth, the migration of Hong Kong's industry, and the interdependence of business relations between Hong Kong and China have promoted Hong Kong as a rising financial and business centre in Asia, and a gateway to China's market in the coming century. The question of the integration of Hong Kong and China after 1997 has consequently become an important research issue.

In fact, the political structure of Hong Kong has already undergone changes. In the two years prior to returning to China as a Special Administrative Region, the China factor became influential and essential to the formulation of economic, political, social and educational policies in Hong Kong.

My research, therefore, will hopefully be of some significance to university distance education policy-makers, distance education practitioners, academic scholars and Hong Kong businessmen in the following ways:

- a) For university distance education policy-makers (both local and non-local institutions), this study can provide an overall review of the university distance education market and students in Hong Kong, with respect to the crucial determinants of the environmental factors influenced by China. I expect this study to caution university distance education policy-makers to formulate strategies on the basis of a realistic assessment of the change (integration) in Hong Kong's environment, particularly in respect of the potentialities of China;

- b) For distance education practitioners, the study can initiate the reassessment and redesign of university distance education programmes for Hong Kong in the light of environmental changes and student needs. These are the fundamental elements of a successful university distance education programme. It is also important to ensure that university distance education not only provides higher education to adult students, but that it is also an essential path for the life-long training of a highly educated workforce (at tertiary education levels).

- c) For academic scholars, the study of the university distance education market in Hong Kong may induce future studies and researches. There are many studies of university distance education which concern themselves with students, teachers' roles, or programme design. However, the study of university distance education in the change from a Western education system to a Communist governing system is probably unique, so this study is an attempt to grasp the essentials of environmental change in Hong Kong in relation to the university distance education market and to provide market information for positioning university distance education programmes;

- d) For Hong Kong businessmen, the importance of university distance education programmes lies in the training of the workforce. This study may help them to understand how university distance education programmes can provide cost-effective training to strengthen the human assets of their companies in the transition period; and

- e) Hong Kong's return to China was is a unique event, because Hong Kong, an economically developed region with well-established Western social, economic and education systems, integrated with the world's most populous nation, Communist China. This may provide a golden research opportunity to study the university distance education market in the process of transition and beyond.

Chapter Two

Hong Kong and China - Two Unique Systems in One Nation

Overview

This chapter examines the amazing development of Hong Kong, from a fishing village of 2,000 residents to an Asian Little Dragon of over 6 million people, from an entrepôt to a world finance centre, and from a Western capitalist society to a Special Administrative Region of Communist China in 1997.

The reason for Hong Kong's success is rather difficult to define in a few words. However, the development of Hong Kong can be seen as a result of the efforts of Hong Kong people. In addition, there has been an efficient government, a well-established legal system, a "laissez faire" or free market economy, entrepreneurial flair and a hard-working immigrant workforce, in addition to the influence of China's "open door" policy which started in 1979.

The Joint Declaration of 1984 between the British and China Governments is a historical agreement for Hong Kong to fit into the "one country, two systems" policy, but the Tiananmen Square "Crackdown" in 1989 made Hong Kong people worry about this agreement and their future. This chapter will examine the linkage between Hong Kong and China during the transition period. An "impossible yet possible" event, the 1997 issue, puts them, Capitalist Hong Kong and Communist China, together in one entity.

Hong Kong - From an Entrepôt to an Industrialised City

Ancient artefacts which have been unearthed in the last 30 years indicate that for at least 5,000 years there were settlements and trading activities by Chinese farmers and fishermen in many parts of Kowloon and Hong Kong Island. In 1841, the British defeated Imperial China in the first infamous Opium War. As a result, Hong Kong Island was ceded to Britain on a permanent base by the Treaty of Nanjing in 1842, and in the following year Britain officially established the colony of Hong Kong.

Imperial China was again defeated by Britain in 1858. The Kowloon Peninsula (south of present-day Boundary Street) and Stonecutters' Island were ceded to Britain under the Convention of Beijing in 1860. In 1898, in the second Beijing Convention, Britain forced Imperial China to lease to it the New Territories (south of the Shenzhen River) and 235 islands for 99 years. Together with Hong Kong Island and Kowloon, they formed the entire territory of the British Crown Colony of Hong Kong.

With an extremely well-protected harbour, Hong Kong grew from being a group of small farming and fishing villages in the 18th century to one of the most important ports in Southeast Asia by the 1930s. Goods came to China from the United States, Europe and many Southern Asian countries via Hong Kong and vice versa. Hong Kong's entrepôt activities attracted many Chinese from the mainland to migrate, although this was at times interrupted or accelerated by political upheavals, famines and epidemics in China. Davis (1949, p. 90) clearly described the attractiveness of Hong Kong to the early settlement of Chinese, a magnet attracting with its higher

standard of living and comparative order and security a continuous flow of Chinese immigrants. In 1861, there were less than 100,000 residents in the territory; but by 1939, just prior to the outbreak of World War Two, Hong Kong's population had jumped to one million (Government Publication Bureau 1961, p. 15).

While Hong Kong tried, after World War Two, to reconstruct itself after its massive destruction, civil war in mainland China broke out between the Nationalist (Kuomintang) and the Communist Governments. Many thousands of refugees from the mainland came to Hong Kong between 1949 and 1950. Nearly all the leading banks, trading companies and manufacturers that had been centred in Shanghai moved to Hong Kong. They brought with them two important resources for Hong Kong's industrialisation: capital and skills and they began producing low-cost textiles for the world market. Mass refugees from China were a favourable factor for the development of labour-intensive manufacturing, and this provided the basis of Hong Kong's economic growth between 1950 and 1960. Many of these new arrivals brought with them capital, industrial skills, and technical efficiency, and they laid the foundation for a rapidly developing industrialisation (Riedel 1974, p. 41).

Soon the Korean War broke out. The United Nations imposed a total trade embargo on China in 1951, and consequently Hong Kong's entrepôt functions were severely damaged. Furthermore, using the pretext of trying to contain the expansion of "communism", the United States led a military build-up in Japan, South Korea, Taiwan, Philippines and Thailand. The encirclement of Communist China created an extremely tense atmosphere in the region and made it difficult for Hong Kong people,

who had increased in number to two million by 1952, to make a living. The Korean War was a catalyst for Hong Kong's industrialisation. Vogel (1991, p. 68) stressed the point that until 1950 the basic source of Hong Kong's economic vitality had been its entrepôt trade with China and the rest of the world. But as the Korean War began and the United States sealed the border with Communist China, this trade dried up.

When Hong Kong was forced to rely on its own resources, the only way forward was to industrialise. Because of the technologies and capital brought by Chinese refugees from Shanghai, Hong Kong plunged into the textile industry. In the beginning, it was cotton textiles, but then gradually woollens and artificial fibres were produced. Even today textile and garment manufacturing form the backbone of Hong Kong's industrial sector. Other major industries introduced to Hong Kong were plastic goods and shipbreaking in the 1960s, though these were replaced by electronic products, clocks and watches in the 1970s.

China's Economic Reforms - An Economic Miracle

The relationship between China and the Western world was frozen after 1949, particularly during the periods of the Great Leap Forward (1958-1960) and the Proletarian Cultural Revolution (1966-1976). The Chinese Government in 1979, three

years after the death of Chairman Mao Ze-dong, launched an economic reform, making major efforts to modernise China in four areas ("Four Modernisation" programmes): science and technology, industry, agriculture and national defence (Li 1995, p. 423). Following Deng Xiao-ping's suggestion, the Third Plenary Session of the Eleventh Chinese Communist Party's Central Committee introduced a series of reform programmes. The main theme was to "revitalise the economy and open the country up to the outside world". Under the guidance of this policy, the responsibility system of linking remuneration to output has been implemented in rural areas, and the industrial enterprises have carried out reforms (Fewsmith 1994, p. 19 and p. 56).

In 1979, Deng Xiao-ping emphasised that China's objective in achieving the "Four Modernisations" is to attain a comparatively comfortable standard of living for the Chinese people by the end of the century (Deng 1987, p. 55). This will call for the per capita Gross Domestic Product (GDP) to reach US\$800 by then. According to Kleinberg's (1990, p. 11) analysis, there are three main features to China's "open door policy" in the economic reform programmes. These are: attracting foreign investment; encouraging foreign trade; and setting up Special Economic Zones (SEZs).

The "open door" policy aims at improvement in foreign investment and trade. As shown in Table 2.1, the total foreign investment of the post-reform period (1979-1993) amounted cumulatively to US\$61.87 billion. In 1993, foreign investment reached a peak level of US\$27.52 billion. Of that 1993 foreign investment, Hong Kong invested US\$17.44 billion (or 63.3% of the total), Taiwan invested US\$3.139 billion (or 11.4% of the total), and Japan invested US\$1.36 billion (or 4.9% of the

total). In terms of international trade, exports and imports in 1979 were recorded at only US\$13.66 and US\$15.67 billion respectively, but they had increased substantially to US\$91.76 and US\$103.95 billion respectively by 1993. The value of foreign trade shows a nearly sevenfold increase between 1979 and 1993.

Table 2.1: Foreign Investment and Trade in China (1979-1993)

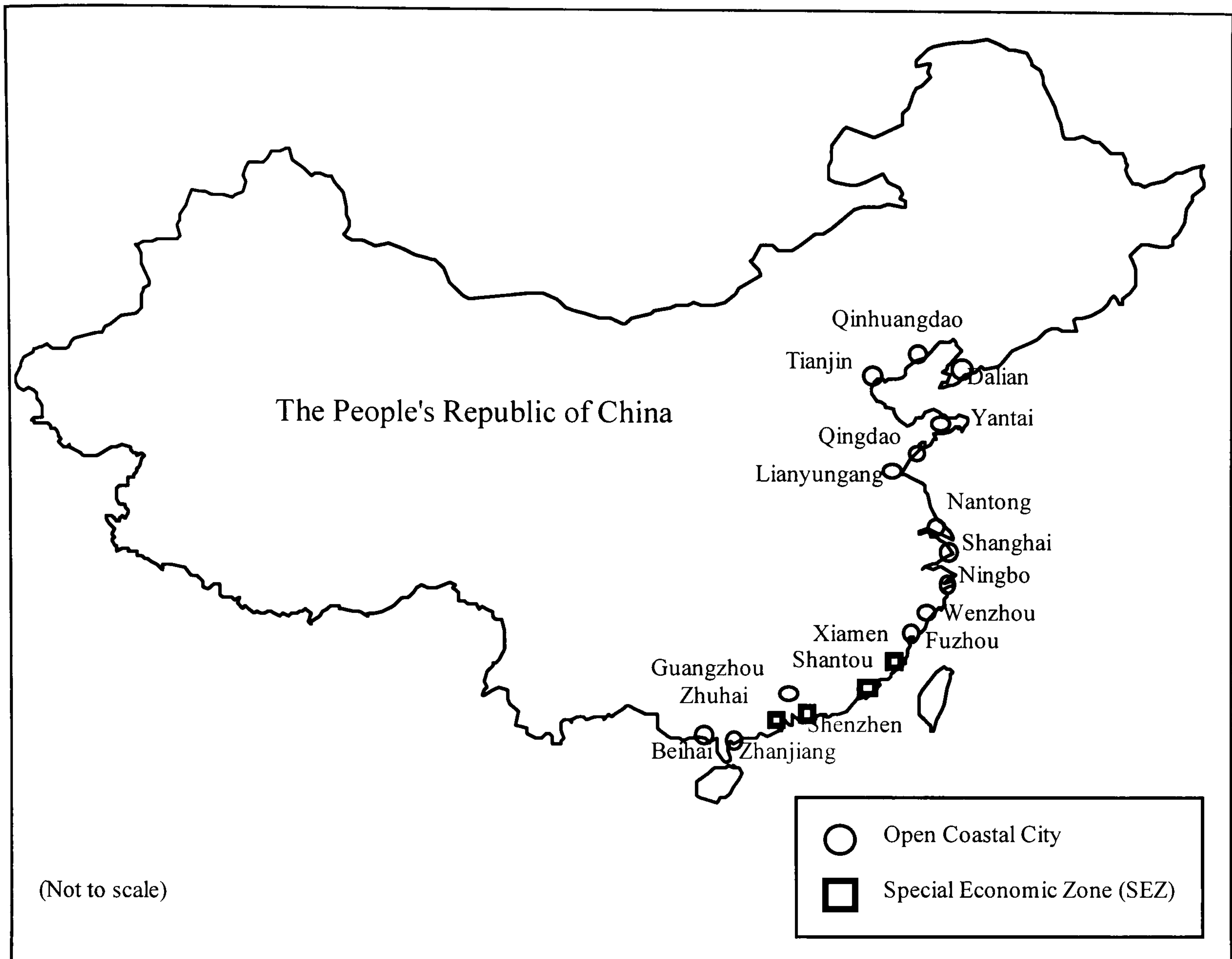
Value in US\$ billion	1979	1980	1985	1990	1993	Total 1979-1993
Foreign Investment (Capital used)		\$1.17 ^(a)	\$1.66	\$3.49	\$27.52	\$61.87
Foreign Trade						
Exports	\$13.66	\$18.12	\$27.35	\$62.09	\$91.76	\$212.98
Imports	\$15.67	\$20.02	\$42.25	\$53.55	\$103.95	\$235.44

Note (a): The figure includes 1979-1980.

Sources: State Statistical Bureau, 1992, *Statistical Yearbook of China 1991*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), p. 615; and State Statistical Bureau, 1995, *Statistical Yearbook of China 1994*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), p. 527 and p. 772.

The last feature of the "open door" policy was the creation of Special Economic Zones (SEZs). In the first decade, only four SEZs opened to foreign investment. They are strategically located: Shenzhen (next to Hong Kong); Zhuhai (adjacent to the Portuguese Colony of Macau); Xiamen (across the straits from Taiwan); and Shantou (with close trade ties to overseas Chinese in Southeast Asia). In 1984, 14 coastal cities were opened to foreign trade and investment. These cities included: Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Shanghai, Ningbo,

Wenzhou, Fuzhou, Guangzhou, Zhanjiang and Beihai (Map 2: China's 14 Open Coastal Cities and Four SEZs).



Source: Yeung, Y M, 1993, *Urban and Regional Development in China - Toward the 21st Century*, (Hong Kong, Hong Kong Institute of Asia-Pacific Studies, The Chinese University of Hong Kong), p. 4.

Map 2: China's 14 Open Coastal Cities and Four SEZs

The consequences of China's economic reforms are crucially important to the economic and industrial development between China and Hong Kong. On 6 October, 1984, Deng Xiao-ping spoke with Chinese and foreign delegates to the Symposium on China's Economic Co-operation with Foreign Countries that the "Four Modernisation" programmes were the basic policy of China and would remain

unchanged in future (Deng 1987, pp. 67-71). China's economic reforms have contributed to the economic growth of Asia, stimulating particularly a boom for Hong Kong and Taiwan in 1981-1991, times when both the USA and Japan were suffering severe economic slowdown.

Table 2.2: Per Capita Gross Domestic Product by China's Regions

Region	1990 RMB\$	1995 RMB\$	Growth Rate
Whole Nation	1,524	4,758	212.2%
Lower Income Regions (Guizhou, Gansu, Tibet, Shaanxi, Jiangxi)	1,039	2,442	135.0%
Lower Middle Income Regions Yunnan, Sichuan, Henan, Ningxia, Anhui, Inner Mongolia, Hunan, Qinghai, Guangxi, Shanxi)	1,188	3,369	83.6%
Middle Income Regions (Hubei, Heilongjiang, Jilin, Hebei, Xinjiang, Hainan Shandong)	1,550	4,882	214.9%
Higher Income Regions (Fujian, Liaoning, Jiangsu, Guangdong, Zhejiang, Tianjin, Beijing, Shanghai)	3,006	9,389	212.3%

Sources: State Statistical Bureau, 1995, *Statistical Yearbook of China 1994*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), p. 35 and p. 60 and State Statistical Bureau, 1997, *Statistical Yearbook of China 1996*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), p. 43 and p. 70.

The rapid continuous economic growth at a rate of GDP being 10.4% (1980-1990) and 11% (1991-1995), has contributed to the extraordinary changes in China's economy and income levels (Asian Development Bank 1996, p. 139). By 1990, the per capita GDP was about RMB\$1,524 or US\$265 (US\$1=RMB\$5.75). By 1995, it had increased to RMB\$4,758 or US\$570 (US\$1=RMB\$8.36). This indicated a

remarkable increase of 212.2% within only 5 years. In terms of per capita GDP between 1990 and 1995, the growth rate of lower income regions was 135%, the lower middle income regions was 83.6%, the middle income region was 214.9%, and the higher income regions was 212.3%. Obviously, the middle and higher income regions have shown a higher growth rate of per capita GDP than the lower and middle income regions. All those higher income regions are located in coastal provinces (Table 2.2).

The implications of China's "open door" policy have become important for Asia and the world in the 1990s. A nation of more than 1.2 billion people is undertaking a revolutionary economic reform. It is transforming the economic structure of China, and has given rise to a new wealthy class (the middle-class) in a Communist society. Okumura (1993, p. 62) identified this class as living mainly in metropolitan areas such as the coastal open cities and SEZ. It has brought China so much foreign influence that a cosmopolitan culture has developed along the coast, in many of the major cities, where Western culture is strongly evident. Howell (1993, p. 204) has prophesied that "the introduction of the market mechanism in China has stimulated the emergence of a 'market-facilitating' state, which will be more technocratic, entrepreneurial, regulatory and legalistic. This is now reconstructing the state, bringing changes in its management mode as well as its social composition."

Hong Kong - A Service-Based Economy

Attracted by favourable taxation and the relatively low levels of production costs, a huge amount of foreign investment has been drawn into the Special Economic Zones and coastal cities. The new policy has led to a rapid increase in economic links between Hong Kong and China. Because of the increasingly exorbitant cost of land and labour in Hong Kong, its shrewd industrialists and manufacturers decided to move their factories north of the Shenzhen River. As estimated in 1994 by Sung (1992, p. 31), Hong Kong manufacturing firms employed over three million workers in Guangdong province, mainly in the Pearl River area. By moving the labour-intensive processes to Guangdong, Hong Kong can concentrate on the skill-intensive processes such as product design, logistic support, quality management and marketing. Hong Kong manufacturing has thus achieved a higher productivity to maintain its product and price competitiveness.

Hong Kong has undertaken the role of serving as a supply base for China, especially in the crucial areas of finance and trade. International trade and investment in the coastal regions are booming. As already mentioned, in 1993 the total foreign investment in China was over US\$27.52 billion. Hong Kong accounted for 63.3% of that at US\$17.44 billion. In fact, Hong Kong is also the major investor in manufacturing in Guangzhou, Shenzhen, Zhuhai and Shantou. This economic link has strengthened establishment of manufacturing and service industries in the Pearl River area and is helping Hong Kong to become an important world financial service centre (Schippers and Tam 1990, p. 52).

Thus, Hong Kong has transformed its economy several times in the past 40 years, from an entrepôt to a light industrial centre, then to a commercial and financial centre, and a service-based economy. Today Hong Kong's service sector focuses on a diverse range of industries such as banking, transport, insurance, retail trade and personal services. Over the past two decades, Hong Kong's service industries have flourished and the territory has firmly established its position in the world as a service centre. It has joined London, New York and Tokyo in the areas of finance, gold and foreign exchange trading. It had also become one of the world's busiest ports by 1995, with the highest container loading of 12.6 million 20-foot equivalent units. An international comparison as reported in the World Competitive Report 1994, showed that Hong Kong's service sector had the highest growth rate in the world from 1980 to 1990, and that its share of the Gross Domestic Product (GDP) was second only to the US by 1991 (Hang Seng Bank Ltd. 1996, p. 1). In 1994, the countries having the highest per capita GDP in the world were: the USA US\$18,850; Canada US\$17,510; Hong Kong US\$17,415; Switzerland US\$15,980; Singapore US\$14,415; and Taiwan US\$10,152. Hong Kong's per capita GDP has already surpassed those of two other Little Dragons, Singapore and Taiwan (Editorial, Hong Kong Economic Journal, 4 July 1996, p. 1).

The service sector's growing importance in Hong Kong is underlined by Table 2.3, showing that it accounted for 78.4% of the territory's GDP in 1994, up from 63.3% in 1986. In terms of employment, over 71.4% of the workforce was engaged in the service sector in 1994 as compared to 55.1% in 1986. Years of rapid growth in the

service sector in the last decade have turned Hong Kong into a major exporter of services, the tenth-largest globally.

Table 2.3: The Importance of the Service Sector in Hong Kong's Economy

Service Sector	GDP		Employment	
	1986	1994	1986	1994
Wholesale, retail, import/export, restaurants and hotels	21.3%	27.0%	22.3%	37.1%
Transport, storage and communication	8.1%	9.7%	8.0%	8.9%
Finance, insurance, real estate and other	17.3%	26.1%	6.4%	13.4%
Community, social and personal services	16.6%	15.6%	18.4%	12.0%
Totals in service sector	63.3%	78.4%	55.1%	71.4%

Sources: Roberts, D, (ed.) 1991, Hong Kong Annual Reports 1990, (Hong Kong, Information Services Department), p. 377;
 Howlett, B, (ed.) 1997, Hong Kong Annual Reports 1996, (Hong Kong, Information Services Department), p. 453; and
 Census Planning Section, 1993, Hong Kong 1991 Population Census: Main Report, (Hong Kong, Census Planning Section, Census and Statistics Department), May 1993, p. 54.

Hong Kong - From a Fishing Village to an Asian Little Dragon

What are the contributing factors to Hong Kong's economic success, to turn it from a refugee centre in the 1950s to one of the world's most important financial and commercial centres in the 1990s? Topley (1969, p. 23) has described the Hong Kong Chinese as striving to create their personal wealth in Hong Kong by saving and risk-taking. Together with human initiative, Jao (1988, pp. 205-207) concluded that there

are three other key factors which help Hong Kong to perform its economic miracle in industrialisation. These factors are: its internal political and social stability; economic freedom; and the rule of law. Since 1990, Hong Kong has risen to become an Asian international financial centre. It is Mak's (1993, pp. 12-17) view that in achieving this the following have been important factors:

- a) Economic freedom;
- b) Financial liberalisation;
- c) Non-discriminatory treatment of foreign banks;
- d) Low transaction costs;
- e) Advanced telecommunications;
- f) Highly efficient manpower; and
- g) Good industrial relations.

Apart from the above, there are other factors leading to Hong Kong's economic success. Firstly, the administration of the Hong Kong Government has been remarkably efficient and competent. Hopkins (1971, p. 296) commented that the governing process in Hong Kong is essentially that of bureaucratic rule with the Governor and his civil service colleagues in control. The performance of the constitutional and legal system is measured. The doctrines of the rule of law and separation of powers are important (Peter 1994, pp. 14-21). Municipal functions are carried out smoothly, and law and order are maintained. Since 1976, there has been an Independent Commission Against Corruption (ICAC), with the task of ferreting out and prosecuting corruption in government. It has been successful in consolidating

business ethics and has improved government efficiency in Hong Kong. Corruption is nearly absent in Hong Kong, whereas it is still a major problem in many Asian countries.

Secondly, Hong Kong's most important resources are its people. Hong Kong has been blessed with new influxes of immigrants from China throughout its colonial history. Riedel (1974, p. 41) makes clear the importance of "mass labour" in the industrialisation of Hong Kong. Woronoff (1980, p. 14) points out that "the Hong Kong Chinese are of naturally superior stock and that this is the explanation of Hong Kong's success." Hong Kong people are willing to take risks and show initiative. They are extremely hard-working, intelligent and easily adapt to a new environment. The closeness of Hong Kong's ties with China and the need to preserve them provide a basis for co-operation and business communication.

Thirdly, since China's economic reforms began in 1979, Hong Kong has provided significant assistance in management skills, finance, and technology to China (Overholt 1993, p. 118). There is much discussion on how greatly Hong Kong has assisted the economic development of China, but it is often overlooked that China has helped Hong Kong as well. In reality, China has provided Hong Kong with cheap labour, cheap food, fresh water, daily necessities and the raw materials which Hong Kong needs. As a commercial centre, Hong Kong greatly benefits by having China as its hinterland. The manufactured goods which are shipped to China through Hong Kong have clearly helped to foster the prosperity which Hong Kong now enjoys. In addition, the status of Hong Kong is already undergoing changes. The survey (1991-

1995) conducted by Political and Economic Risk Consultancy Ltd., showed that with less than two years before its return to China as a Special Administrative Region, Hong Kong felt that the factor of China had become influential on its economic and political life (Political and Economic Risk Consultancy Ltd.1995, p. 4).

The Joint Declaration - A Resolution of Hong Kong's Future

On 23 September, 1982, British Prime Minister Margaret Thatcher and Chinese Premier Zhao Zi-yang began talks in Beijing about the future of Hong Kong. The two countries held far-reaching talks in a friendly atmosphere and both leaders made clear their respective positions on the subject and agreed to maintain the stability and prosperity of Hong Kong (Cheng 1984, p. 248). The signing of the Joint Declaration between the British and Chinese Governments on 19 December, 1984, resolved to end Hong Kong's colonial era (Information Services Department 1984 p. 1). It was a remarkable document, mapping out the transfer of sovereignty over a thriving capitalist enclave from an indifferent European democracy to an aggressive Asian despotism. The structure was somewhat complex: a relatively brief Joint Declaration, and a long annex describing how post-1997 Hong Kong would be run. The general principles held by China regarding Hong Kong are set out clearly in the Basic Law as follows (Chen and Zhong 1995, pp. 6-8):

- a) Hong Kong is to become a Special Administrative Region (SAR) of China on 1 July, 1997;
- b) China will allow the Hong Kong SAR to enjoy a high degree of autonomy, except in the matters of defence and foreign affairs;
- c) The law currently in force in Hong Kong will remain basically unchanged;
- d) The Hong Kong SAR government will be composed of local inhabitants. The Chief Executive will be appointed by the Central People's Government on the basis of the results of elections or consultation to be held locally;
- e) The current social and economic systems in Hong Kong will remain unchanged, and so will the life-style. Rights and freedoms, including those of the person, of speech, of the press, of assembly, of association, of travel, of movement, of correspondence, of the right to strike, of choice of occupation, of academic research and of religious belief will be ensured by law in the Hong Kong SAR. Private property, ownership of enterprises, the legitimate right of inheritance, and foreign investment will be protected by law;
- f) The Hong Kong SAR will retain the status of a free port and an international financial centre, and its foreign exchange, gold, and securities will remain its own. The Hong Kong dollar will continue to circulate and remain freely convertible;
- g) The Hong Kong SAR will have independent finances. The Central government will not levy taxes on the Hong Kong SAR;
- h) The Hong Kong SAR may establish mutually beneficial economic relations with other countries, including Britain;
- i) The Government of the Hong Kong SAR may on its own issue travel documents for entry into and exit from Hong Kong;

- j) The maintenance of public order in the Hong Kong SAR will be the responsibility of the Government of the Hong Kong SAR; and
- k) The above-stated basic policies of China regarding Hong Kong will be stipulated, in the Basic Law of the Hong Kong SAR of China and they will remain unchanged for 50 years.

Under these principles, Hong Kong will become a Special Administrative Region (SAR) of China on 1 July, 1997. China, using the "one country, two systems" policy, will allow the Hong Kong SAR to enjoy a high degree of autonomy, except in the matters of defence and foreign affairs for another 50 years. Hong Kong's separation from China is the consequence of the Treaty of Nanking in 1842. In its more than 150 years' history as a colony, the tiny but densely populated territory has displayed a developmental pattern which has no counterpart elsewhere in the world: political stability, and rapid economic growth, and has become an industrialised and financial centre of world importance. As Hong Kong suffers from a scarcity of natural resources, its prosperity depends on the development of human resources, particularly entrepreneurial initiative and labour productivity. The rationale of the Hong Kong Government can only be, therefore, to provide a stable political framework in which economic initiative can have full play.

On 1 July, 1997, Hong Kong will return to China under the Joint Declaration in accordance with the "one country, two systems" policy. China's influence in most areas of life in Hong Kong will play an important role from now on. The Joint Declaration itself says that except in defence and foreign affairs Hong Kong will be

given a high degree of autonomy, and the existing social, economic and legal system will be preserved for another 50 years after 1997. This presents Hong Kong's more than 6 million people with unprecedented challenges. Hong Kong, as a capitalist and Western-educated society, will return to be one part of the most populous nation, and a Communist one.

The Colony's English-language newspaper, South China Morning Post, in an editorial on 27 September, 1984, chimed in with endorsements after the signing of the draft agreement. The Post called it "a document that, if nothing else, will be read by future generations as a landmark of good sense, human reasonableness, delicate compromise and high idealism." It is, of course, high idealism to settle Hong Kong's future, but Rafferty (1989, p. 441) wrote of the fear of Sandberg, the Chairman of the Hongkong and Shanghai Banking Corporation, that China might not be as good as its word in the declaration. Through it all, the view of the people of the colony remained largely obscured. The ambivalence many felt was well expressed in an editorial in the Chinese-language newspaper, Ming Pao, on 25 November, 1984, that most people believed Hong Kong to be a part of China's territory, which explains why 80% of the people interviewed believed that Hong Kong should revert to China in 1997. However, as most people have not been well impressed by the performance of the Chinese communists in the past, they tend to be sceptical about Hong Kong's status in the years to come. "Hong Kong people ruling Hong Kong". This was China's way of assuring a nervous Hong Kong that China would not be sending cadres down from other parts of China to govern the colony once it resumed control. However, Hong Kong people have to adapt to China, a very different type of sovereignty from

Britain's. Many have little confidence in the mainland, partly because of China's poor human rights record and partly because the Chinese Government is notorious for its autocratic control. If this kind of difference is not resolved, the unprecedented crisis of confidence in Hong Kong may become a destabilising factor in the community.

The Tiananmen Square "Crackdown" - The 4 June Event in 1989

In the course of a few short weeks in 1989, known as the Beijing Spring, two forces were at work during the student demonstrations in Tiananmen Square. One was Mikhail Gorbachev's trip to Beijing, the first visit by a Soviet party leader to the Chinese capital. Gorbachev's visit was therefore seized upon by the student demonstrators already out in the capital as a call for an opening on the political front. The other force, the more important impetus for the Beijing Spring, was the marking of Hu Yao-bang's death. Hu Yao-bang (1915-1989) had been a Chinese Communist Party leader who was purged after the 1986 student demonstrations were denounced as having been inspired by "bourgeois liberalism".

As early as the start of the economic reform in 1979, Deng Xiao-ping gave a speech at a forum on the principles for the party's theoretical work, saying that the Four Cardinal Principles, called the "four upholds" (upholding the socialist path; upholding

the proletariat dictatorship; upholding the leadership of the Chinese Communist Party (CCP); and upholding Marxism-Leninism and Mao Ze-dong Thought), are the basis of the Chinese Communist Party (Deng 1989, pp. 1-20). If these principles were abandoned, the country would be taken over by extreme democratisation and anarchism. Political stability and unity would be undermined, and the "Four Modernisations" would fail completely. The editorial of People's Daily on 1 January, 1987, quoted a resolution adopted at the Sixth Plenary Session of the Twelfth CCP Central Committee that "bourgeois liberalisation" meant negating the socialist system and standing for the capitalist system. "Bourgeois liberalisation" would be an attempt, as seen by the CCP, to turn China's present policies in the direction of capitalism.

The weeks of the students' occupation of Tiananmen Square lulled people into a false sense of invincibility. A Goddess of Democracy, cast in the image of America's Statue of Liberty, arose as a counter to Mao's portrait. Although one student leader, Ms. Chai Ling, openly talked about the Square being washed in blood that would wake up people throughout the whole country, she nonetheless was taken by surprise when the Tiananmen "Crackdown" came on 4 June, 1989, (Simmie and Nixon 1989, pp. 175-196). The Beijing Spring meant almost as much to Hong Kong people as it did to those on the mainland, for people had begun to realise that how Hong Kong would look in 1997 depended on what kind of China there was in 1997. Hong Kong people showed comradely response to the Tiananmen demonstration. A million people marched on the New China News Agency offices in Hong Kong. A sign was raised saying "Today's China Is Tomorrow's Hong Kong" (Greenwald 1989, p. 20).

The consequences of the Tiananmen "Crackdown" were spectacular. Hong Kong people lacked those same democratic guarantees which were absent in Communist China, and they were acutely conscious that they were not going to get them under the current British Government. Even when passions were running highest in the weeks that followed the Tiananmen "Crackdown", Hong Kong people maintained their dignity and poise. However, the Beijing Spring had forced them into a cold re-examination of their own identity and future. The crisis of confidence was a great shock. This put increased pressure for emigration on Hong Kong people, mainly those of the highly educated in the workforce. Overall emigration increased, a considerable portion of it representing an outflow of scarce talents, the so-called brain drain. The private sector of industry considered a number of ways to respond, but the likely outcome in the 1990s will be higher costs and possibly reduced operating efficiency. To ease the tight supply of higher-educated manpower, the Hong Kong Government increased spending on tertiary education and expanded the number of tertiary institutions.

While emigration is not a new phenomenon in Hong Kong by any means, the figures stand in stark contrast to the average of 20,000 per year in the early 1980s. Projected outflow ranges from 50,000 to 60,000 per year in the 1990s and accelerated as a result of the 4 June Events in 1989. The consequence of these events has affected adversely the supply of highly educated workforce. In 1988, over 300,000 people were listed in the occupation category of "professional, administration and managerial", and an estimated 5% of this category has been emigrating each year (Kirkbridge 1989, p. 8). The net loss due to emigration has been estimated to have been about 18,000 per

year during the period between 1989 and 1996 (Maule 1990, p. 52). Many of the emigrants are highly educated workforce. There is every reason to believe that this trend will continue unless confidence in Hong Kong's political future takes a dramatic upturn. This outcome and its implied effects were highlighted in a November, 1988, by Peat Marwick Management Consultants Report on Hong Kong's business in the future as the loss of highly skilled and experienced middle managers and professionals continued, and the high labour turnover at all levels showed the loss in employee loyalty (KPMG Management Consulting Ltd. 1988, p. 12). The forthcoming elimination of British influence makes Hong Kong people worry about their future security. The outflow of emigration will continue. The brain drain effect will be mitigated by the existence of a pool of hard-working and ambitious workers, but the phenomenon may adversely affect Hong Kong's attractiveness as a regional financial and service centre in the 1990s.

Intervention by China - The Fear of Hong Kong People

The rule of law is one of Hong Kong's most important pillars. The rule of law not only provides a guarantee of fair competition for business, but also lays down the concept of equality before the law. The establishment of the ICAC has done a tremendous amount to ensure that both the civil service and the private sector act

according to the law. In fact, the law relating to Hong Kong is "Common Law" and "The Colonial Laws Validity Act 1865". Petter (1994, p. 31) noted that "until the Treaty of Nanking it is probable that British authority over Hong Kong was a result of conquest." Under the treaties, Hong Kong and Kowloon were ceded. The law is mainly for the use of a British colony. As 1997 approaches and China increases its influence in Hong Kong's affairs, there are numerous signs that the rule of law has begun to erode in the territory.

There is another more serious area which Hong Kong people have overlooked. Unlike Hong Kong, there has never been any tradition of the rule of law on the mainland. In China, the rule of law is subservient to the rule of party cadres or officials who hold authority. The present Constitution stipulates that the Chinese Communist Party is the only legitimate ruling party in the nation. In this system of rule, the party secretary makes all the key policy decisions. The mainland Chinese system is one in which the party holds absolute power over all final decisions.

In China, "Guanxi" (personal relationships) are of the utmost importance. Hong Kong people are nervous that this Chinese way of achieving results is gradually migrating to Hong Kong as those who represent the Party, the State and the Ministries in China are the largest investors in Hong Kong. The independence of the judiciary is highly treasured in Hong Kong, but since China is eager to intervene in Hong Kong's affairs, even before 1997, the judiciary's independence is questionable. Zhou Nan, the director of The New China News Agency, said in an interview with the South China Morning Post, 1 July, 1996, that China's fundamental interests were at stake in the

implementation of the "one country, two systems" policy in Hong Kong for two main reasons (Tsang 1996, p. 4):

- a) Hong Kong and China need each other. China needs Hong Kong as a window or a bridge to the outside world; and
- b) Hong Kong will provide a good model for the settlement of the Taiwan issues following the same principle.

Zhou Nan stressed that "China will never do anything which undermines China's own interests." However, some of the relationship ties are dictated by political instead of economic considerations, and they lead to politicisation of economic relationships which breeds interventionism. Lawyers and business people in Hong Kong are concerned about their own benefits. Many lawyers are reportedly now serving firms which have business interests on the mainland. As 1997 draws nearer, business people with interests in the China market, or even in Hong Kong, need to consider China's view more carefully and obediently. Sung (1989, pp. 167-171) concluded that political and economic intervention by China would be caused in the following ways:

- a) by China's central Government;
- b) by provincial and local authorities in China;
- c) by Chinese capital coming to Hong Kong; and
- d) by the central Government's policy towards Taiwan.

The rule of law says that no one is above the law. Hong Kong, to a certain extent, is protected by the Basic Law which is agreed in the Joint Declaration. In accordance with the provisions of Article 31 of the Constitution of China, and under the policy of "one country, two systems", the socialist system and policies will not be practised in Hong Kong.

As a matter of fact, the Communist Government is synonymous with totalitarian rule, since it is stated in unequivocal terms in the Constitution of China that only the Chinese Communist Party is the legitimate ruling party in China. That may explain Article 23 in the Basic Law, Hong Kong's Constitution after 1997, where it states that "the Hong Kong SAR shall enact laws on its own to prohibit any act of treason, secession, sedition, or subversion against the Central People's Government, or theft of state secrets, to prohibit foreign political organisations or bodies from conducting political activities in the Region, and to prohibit political organisations or bodies of the Region from establishing ties with foreign political organisations or bodies." (One Country Two System Economic Research Institute 1995, p. 13). This provision in the Basic Law may restrict the people of Hong Kong from expressing themselves freely. It also prevents foreign governments or international organisations from actively participating in Hong Kong's affairs.

One of the paramount concerns of China's present leaders is the national goal of "territorial integrity". Since the 1980s, China has made reclaiming sovereignty over Hong Kong, Macau and Taiwan a priority. Macau does not pose a problem, for it is a fairly small Portuguese enclave with only 500,000 residents and an economy driven

by tourism and gambling. Taiwan and Hong Kong are different. Over the past 40 years, a very solid economy has been developed in each area. They have become two Little Dragons in Asia. China decided to resolve the issue of Hong Kong first in order to attract the return of Taiwan peacefully to China. Deng Xiao-ping (1987, p. 94) said that "the idea of 'one country, two systems' had first been suggested not in connection with Hong Kong but in connection with Taiwan."

The most fundamental problem lies with the fact that the "one country, two systems" policy is a contradiction conceptually and is extremely difficult to realise. Communism in China is no longer a political ideology, but rather the symbolic form of Chinese Government. Nobody disputes the fact that China will resume sovereignty over Hong Kong on 1 July, 1997. However, integration between China and Hong Kong has created intervention by China in Hong Kong.

Economic Interdependence between Guangdong and Hong Kong

Hong Kong lies on rugged granite hills rising steeply at the mouth of the Pearl River. Adjoining it is the province of Guangdong and forty miles away to the west is Macau. Ninety miles to the north-west is Guangzhou, which is the largest port and city in South China. Hong Kong is therefore located very strategically. The Pearl River Delta

area, one of the first manufacturing bases in China to develop after the "open door" policy, is in Guangdong province. In this province three Special Economic Zones can be found, namely Shenzhen and Zhuhai north of Hong Kong and Macau respectively, and Shantou to the east. The geographic situation of Hong Kong is vitally important to economic intercourse in southern China. The city of Guangzhou has been fundamental to foreign trade in modern China. It has always been called the "unrivalled southern municipality city" in South China. Economic activities between Guangdong province and Hong Kong have developed strongly in recent years, particularly following the Chinese economic reforms. Yeung and Hu (1992, p. 240) pointed out at least two reasons for this tight relationship: geographical proximity and trading relationships with Hong Kong.

Hong Kong and Guangdong are a perfect match. Hong Kong has capital resources, management skills, a world-wide communication network and is a well-developed world commercial centre. While Guangdong has plenty of people and land resources, it lacks foreign investment. In fact, before the economic reforms, Guangdong was one of China's poorer provinces, starved of infrastructure for industrial development and with no financial market. Since China's adoption of an "open door" policy, Hong Kong has rapidly developed numerous economic ties with the mainland. Such ties have been tremendously beneficial to Hong Kong and China (Vogel 1989, p. 36).

The "overseas Chinese" have played an important position in the Chinese economic reforms. Their investments in China are mainly in Special Economic Zones in Guangdong province and coastal areas in Fujian province. The competitive advantage

of Guangdong province is its network with the millions of "overseas Chinese" which operates through Hong Kong. Overholt (1993, pp. 118-121) explained clearly that "Guangdong's principal asset is a vast network of overseas Chinese businessmen, many of whom have family roots in the villages of Guangdong and who still feel ties to their ancestral homeland."

Table 2.4: China's Foreign Trade with Hong Kong (1987-1992)

Year		Total	Exports	Imports
1987	US billion	\$ 22.21	\$ 13.78	\$ 8.44
	% of the Total	26.9%	34.9%	19.5%
1990	US billion	\$ 40.90	\$ 26.65	\$ 14.25
	% of the Total	35.4%	42.9%	26.7%
1992	US billion	\$ 58.05	\$ 37.51	\$ 20.53
	% of the Total	35.1%	44.1%	25.5%

Source: State Statistical Bureau, 1994, *Statistical Yearbook of China 1993*, (The People's Republic of China, State Statistical Bureau China Statistical Publishing House), p. 532.

As shown in Table 2.4: China's Foreign Trade with Hong Kong, trade between China and Hong Kong increased greatly in the post-reform period. The incorporation of capitalist Hong Kong into the Chinese economy is perhaps the greatest driving force in the Chinese economic reform. Since the introduction of the reforms, Hong Kong has become China's principal foreign trading partner in terms of both share and value. In 1987, Hong Kong's share of China's total foreign trade was 26.9%, valued at US\$22.21 billion. By 1992 this had increased to 35.1%, valued at US\$58.05 billion.

By the early 1990s, the economic integration of Socialist Guangdong and Capitalist Hong Kong was largely complete. Shenzhen had become a mini-Hong Kong with tall buildings, factories and expensive private cars. There are numerous Chinese enterprises in Hong Kong and investment from the mainland in Hong Kong was estimated to total US\$6 billion by 1985. By 1991, China's investment in Hong Kong was over US\$10 billion (Wang 1993, p. 303). The Joint Declaration has resolved the political arrangement of Hong Kong. Furthermore, the relationship between Hong Kong and China will be consolidated by the economic interdependence between Guangdong and Hong Kong.

Two Different Political Systems in One Set of Cultural Values

There are in practice many difficulties in defining "culture" and also in assuming that it is equally shared by all the members of a society. Kroeber and Kluckhohn (1963, p. 357) cite "164 definitions of culture which encompass a whole range of components: knowledge, values, preferences, habits and customs, traditional practices and behaviour, implements and artefacts." The intercourse of Eastern and Western cultures has shaped the composition of Hong Kong from its past to its present. The colonial history of Hong Kong is, to some extent, a record of mixture between races, the cultural conflicts being sometimes more intense, sometimes less intense, but gradually diminishing as the races learned to respect each other, to understand each

other and to co-operate. Hong Kong gradually became favoured as a trading city for Western countries and a place where "East meets West".

Although the history of China and Hong Kong has been marked by separation, the majority of people have experienced a long span of homogeneous cultural development. Hong Kong is a Chinese society. Over 96% of the people in Hong Kong are Chinese and share heritage in Chinese cultural influence: Confucianism. It is widely accepted that the Chinese respect age, authority and hierarchy. This stems from the Confucian concept of rite which plays an important role in maintaining a person's position in the social hierarchy. Confucianism is the foundation of China's great cultural tradition, and Confucian values still provide the basis for the norms of Chinese interpersonal behaviour and family (Freedman 1979, pp. 242-244).

In addition to the effect of Confucianism, there are two other common factors making Hong Kong and Guangdong province together a single cultural context: people and language. The first factor stems from the fact that many Hong Kong people were born in the mainland. This genealogical relationship imparts a strong sense of being "Chinese" or of Chinese identity to Hong Kong people. In 1991, Hong Kong people could be classified according to their place of birth as follows (Census Planning Section, 1991, p. 40):

- a) Place of birth, Hong Kong: 3,299,597 persons;
- b) Place of birth, China or Macau: 1,967,508 persons; and
- c) Place of birth, elsewhere: 255,175 persons.

Table 2.5: Everyday Language of Hong Kong

Languages Used in Hong Kong (in 1991)	Number of People	Chinese and Non-Chinese	Share %
Guangzhouhua ^(a)	4,583,322		88.7%
Putonghua (Mandarin) ^(b)	57,577		1.1%
Chiuchau ^(a)	72,812		1.4%
Hakka ^(a)	84,134		1.6%
Fukienese	99,045		1.9%
Other Chinese dialects	108,703		2.1%
Total Chinese		5,005,593	96.8%
Total Non-Chinese		163,316	3.2%
Grand Total		5,168,909	100.0%

Notes: (a) Other common dialects in Guangdong province.

(b) National language of China.

Source: Census Planning Section, 1991, *Hong Kong 1991 Population Census: Main Tables*, (Hong Kong, Census Planning Section, Census and Statistics Department), October 1991, pp. 54-55.

Table 2.6: Everyday Language of Guangdong Province

Languages used in Guangdong Province (in 1993)	Number of People (Estimated)	Share %
Guangzhouhua (Cantonese)	33,000,000	53.2%
Hakka	12,000,000	19.4%
Fukienese/Chiu Chau	13,000,000	20.9%
Sze Yap	4,000,000	6.5%
Total	62,000,000	100.0%

Source: Guangdong Enterprises (Holding) Ltd. 1993, *Guangdong Yearbook 1993*, (The People's Republic of China, Guangdong Enterprises (Holding) Ltd.), p. 139.

The second factor is the everyday language of Guangdong and Hong Kong. As can be seen from Table 2.5 and Table 2.6, Guangzhouhua (Cantonese) is the most common language used in Guangdong province and Hong Kong. Other common dialects include Fukienese and Chiuchau. More than 88.7% of the people speak Guangzhouhua. This amounts to 4.58 million in Hong Kong. About 53.2% of the people in Guangdong province, amounting to 33 million persons, speak Guangzhouhua.

The genealogical and language links combine the two areas into one cultural context and generate an important linkage mechanism between Hong Kong people and mainland Chinese. The cultural linkage promotes unity as does economic integration of China and Hong Kong. Trade and investment have thrived despite the differences of political and economic structure. Cultural differences with mainland China exist because the people are currently living completely different lives, divided politically, economically and educationally. Hong Kong's Chinese, to a large degree, are similar to those Chinese in Guangdong province. They speak the same everyday language of Guangzhouhua and share the same cultural background. Hsu (1963, p. 1) described "a typical Chinese society as a situation-centred world that permanently unites closely related human beings in the family and clan." This social structure of parental connection is one behavioural aspect of Confucianism, the dominant philosophy for both China's Chinese and Hong Kong's.

Fairbank (1987, p. 363) comments that "regional differences in China are too great to be homogenised under a unitary state." Such contrasts are often remarked in the

differences between national and regional languages in China. The national language (Putonghua) is different from the language used in Hong Kong (Guangzhouhua) (Tse et al. 1995, pp. 26-28). As China intensifies its effort in economic reforms, planned economy and totalitarian rule are gradually being replaced by a market economy. China's creation of the SEZs and open coastal cities in the 1980s has taken many steps forward. The economic development of some open cities and SEZs is approaching the level of Hong Kong. This narrows the gap between Hong Kong and China.

Borrowed Place and Borrowed Time

Hong Kong is a "Borrowed Place, Borrowed Time" (Hughes 1976, p. 1). The value of Hong Kong to China is in its trade, economy, financial strength and its business network. The economic success of Hong Kong in the past twenty years has been amazing. Asiaweek in its issue of on 2 February, 1996, estimated that Hong Kong had overtaken Japan and Germany in per capita GDP (on a new basis of Purchasing Power Parity) with a figure of US\$22,527 for Hong Kong, US\$21,328 for Japan and US\$20,165 for Germany (Chetham 1996, p. 12). In view of the enormous importance of Hong Kong, the stability of transition is a key issue for China's consideration. China's influence is pertinent to the stability of Hong Kong as was clear when the

Chinese and British Governments signed the Joint Declaration in 1984. The political step not only resolves to end its colonial status, but also begins a political integration of Hong Kong into China. The factors leading to Hong Kong's economic success today are:

- a) Internal political and social stability;
- b) Economic freedom;
- c) The rule of law;
- d) The human assets;
- e) Government efficiency; and
- f) China.

During the transition period, Hong Kong has experienced some instability within its community. The gap between rich and poor has continued to widen. In 1979, the Gini Coefficient, an index measuring the gap between rich and poor ranging from 0 to 1, was 0.373. By 1995, it had jumped to 0.476. The major cause for this ever-widening gap between rich and poor in Hong Kong is that almost everything which people need is controlled by the rich: clothing, food, housing and public transportation. According to the analysis from Hong Kong Economic Journal on 8 January, 1996, the ten richest families control more than half of the total value of the stock market in Hong Kong. The wealth in Hong Kong is unevenly distributed (Wong 1996, p. 13).

In the past three years, Hong Kong has become one of the most expensive cities in the world in which to live. Inflation has been high for the last decade - an average of 8% to 11% per year. Consequently, many low-income people have experienced a negative wage increase. In 1994, wages for workers in Hong Kong's manufacturing sector actually decreased by an average of 2.9% while workers overall had a meagre increase of just 0.4%.

Unemployment has created great anxiety in Hong Kong. It has been very high in the manufacturing sector since many of the large factories moved their production plants to the mainland in the 1980s. With this trend continuing, the proportion of the total employed population working in the manufacturing sector has declined significantly. In 1980, manufacturing employment was over 907,500 persons, or 39.1% of the total employed population. By 1985, manufacturing employment had increased slightly to 918,800 persons, but was only 36.1% of the total employed population. By 1994, manufacturing employment had decreased sharply to 570,200 persons, 19.6% of the total employed population (Census and Statistics Department 1990, p. 35; Census and Statistics Department 1995, pp. 16-17).

In Hong Kong, the emergence of industrial migration has resulted in structural unemployment. In the years between 1980 and 1994, the manufacturing and construction sectors were estimated to have lost over 337,300. In 1992 the unemployment rate in Hong Kong was about 2%, and this had increased to an average figure of 3.5% by 1995. Hong Kong had a total employed population of about 3 million in 1995. A 3.5% unemployment rate indicated that over 100,000 persons were

unemployed. The Hong Kong Government estimates that the structural changes to industry will continue and the share of manufacturing employment will drop by 4.5% a year on average between 1991 and 2001. The number of manufacturing employees will be reduced to 426,600 by 2001. This means that the proportion of the total employed population in manufacturing will further drop significantly from 26% in 1991 to 13% in 2001 (Education and Manpower Branch 1994, p. 24).

In the past 40 years, the Government of Hong Kong has put a great deal of investment into education. By 1978, Hong Kong had a system which provided nine years' compulsory education. Since the 1990s though, most new financial resources for education have been put into the expansion of the tertiary sector. In the year 1994-1995, total expenditure on education was HK\$29,110 million. This represented 17% of the Government budget and 2.9% of Hong Kong's GDP. The expenditure on education was shared between primary education (22.4%), secondary education (33.4%) and higher education (36.5%) (Howlett 1997, p. 462). Higher education in Hong Kong was then, with huge financial assistance from the Government, developing rapidly. In 1995, there was a total of thirteen local tertiary institutions that could offer sub-degree and degree programmes and of these six were elevated to university status. Ten years ago, less than 5% of the 17-20 age group (the relevant age group for higher education) studied in tertiary education in Hong Kong. By 1995, the figure had increased to 18%. The Hong Kong Government planned that by 1997 a quarter of the relevant age group students would be enrolled in higher education, the proportion of people with tertiary qualifications has grown substantially in Hong Kong. In 1981, about 6.7% of the total population aged over 15 (or 249,547 persons)

received tertiary education, whereas by 1996 the proportion had doubled and reached 15.2% (or 768,520 persons) (Census Planning Section 1993, p. 46; Population By-Census Office 1997, p. 24).

A better educated and trained workforce is a precondition to the production of high-quality products in Hong Kong. Liu (1992, p. 13) has made a comparative analysis of the education, human capital and productivity in Hong Kong and concluded that Hong Kong's economic development has been accompanied by an improvement in the quality of its human resources through human capital investment. Higher education in Hong Kong, however, has to face the change-over of Hong Kong's sovereignty as well as the influence of China's central Government. An overhaul of the higher-education system in Hong Kong is necessary. It is a Western education system which has been transplanted from Britain. Despite the close and continuous connection between China and Hong Kong in the last 20 years, there is a fundamental difference. Hong Kong, as a capitalist and Western educated society will return to be a part of Communist China.

On the whole, the people of Hong Kong have become very self-centred. This in part is due to the impact of extreme materialism and secularism in the community, and in part is due also to the 1997 issue. This attitude is based on people's experiences as well as their perceptions. These experiences caused almost half of the people of Hong Kong to emigrate from the mainland. Many of them have gone through endless political movements, notably the Great Leap Forward (1958) and the Proletarian Cultural Revolution (1966-1976), which were extremely dehumanising. Many

thousands of people lost their self-respect if not their lives. However, Hong Kong's future is not as a British colony, but to be integrated with China as a Special Administrative Region. The crisis of confidence in Hong Kong can be indicated clearly by the Sino-British negotiation of Hong Kong's future in 1982-1984 and the Tiananmen Square "Crackdown" in 1989. Many Hong Kong people have emigrated to Western countries to get the security of a foreign passport. They are afraid of political and social instability, loss of economic freedom, and change of legal system. Despite Deng Xiao-ping and other Chinese leaders giving assurances that such political movements will not happen in Hong Kong, the violent crackdown on the pro-democracy movement in 1989 has meant that their assurances have been called into question.

Chapter Three

The Development of Higher Education in Modern China

Overview

This chapter describes the development of modernisation and educational reforms in modern China. China's modern education system was derived from counterparts in Japan, the USA, the Soviet Union, the Maoist model and the influence of Deng's economic reforms. The main purpose was to modernise the nation and to surpass the Western developed countries. However, most of their effort was wasted because of continuous political upheavals. To a much greater extent than at primary and middle-school levels, higher education suffered serious damage during the Proletarian Cultural Revolution (1966-1976). The revival of education from the "ten lost years" came with the "open door" policy in 1979.

In spite of the recognition of the long-term importance of education in the "Four Modernisation" programme in 1979, China's higher education is still facing many problems. It is not surprising that the market economy reshaped the outlook of China and re-opened the door to the West. Confronted with the conflicts generated by rapid economic growth and the aftermath of the Tiananmen Square "Crackdown", the pursuit of reforms in politics, economy and education became more challenging to China's leaders.

Influence of the Meiji Reform on Imperial China's Education Reform

The modern school system of Imperial China was established by the passing of the School Regulations of 1904. This was an attempt to construct a modern education system while preserving a traditional pattern. The reason for this reform stemmed from the Sino-Japanese War of 1894-1895. Imperial China's army had been heavily defeated by the Japanese. It is widely accepted that the Meiji Reform (1871-1879) was the basic driving force behind Japan's swift progress to national prosperity and strength. The most important aspect of the Meiji Reform was the adoption of the Western education system and the learning of Western skills and knowledge (Lincicome 1995, pp. 1-3).

The influence of the Meiji Reform and the ignominious defeat in the Sino-Japanese War, led Imperial China to carry out an educational reform. Zhang Zhi-dong (1837-1909), an educational leader in the "Westernisation Movement", was responsible for the preparation of the School Regulations of 1904. Following the Japanese model, Zhang began the transformation of the traditional school system into a modern school system, with levels from primary school to university. The educational reforms in 1904 brought four immediate changes to traditional Chinese education. First, the traditional "eight-legged" essay in the Civil Service Examination System was abolished. Second, students were sent abroad, mainly to Japan. Third, the traditional education institutions were restructured into different and consecutive levels: primary school, middle school, normal school and high school. Finally, vocational training

schools and schools of languages were introduced to students of the new school system.

Japanese education was the primary model for modern China in the process of educational modernisation in the nineteenth century, as Imperial China's leaders believed that widespread modern education in Japan since the Meiji reform had been the springboard for Japan's rapid modernisation (Abe 1987, p. 79). The Imperial China's Government also encouraged the establishment of modern school education throughout the country. Consequently, the number of schools and students increased sharply. Chen (1969, pp. 134-178) estimated that by 1909 a total of 1,639,107 students were enrolled in the new system in the various types of Chinese schools. Of these, 1,532,746 students were in primary schools; 40,468 students were in middle schools; 16,649 students were in vocational schools; 28,572 students were in normal schools; and there were 20,672 students in universities and higher schools. Chinese education was no longer for training scholar-officials only, but now had the function of strengthening the national military through the teaching of Western knowledge and skills for the age of modernisation.

The May Fourth Movement and Republican China's Higher Education

After the revolution of 1911 and the founding of Republican China, a modified education system was put in place in 1912 that was considerably streamlined compared to that modelled on the Japanese patterns in 1904. This led the Chinese educational system to a more substantial change in 1922. The crucial factor leading to this change in higher education was the May Fourth Movement of 1919 (Hayhoe 1996, pp. 45-50).

The May Fourth Movement was an important turning point in enhancing awareness of progressive and Western thought in modern China. The cause and effect of this student movement was, originally, more political than educational. The main cause was that Japan forced China to accept the "Twenty-One Demands" in 1915. Japan handed China a list of demands designed to put southern Manchuria, eastern Inner Mongolia and Shandong province under Japanese jurisdiction. Public anger was aroused in China and students struck, seeking a boycott of Japanese goods. Anti-Japanese strikes and mass rallies began to occur with increasing frequency. In sympathy with this movement against foreign invasion, many voices were raised in support in the field of democratic and educational thought. The impact of the May Fourth Movement remains far-reaching on China's educational development even today. Chow (1980, pp. 228-259) made a thorough analysis of this movement, showing that not only did it start the introduction of Western democracy and individualism, but it also encouraged the rapid development of educational reforms in modern China. Since then, many influential American scholars such as Dewey J.,

Twist G., and Monroe P., visited China and encouraged the Chinese to adopt the principle of democracy. These scholars spread Western democracy to the Chinese people and motivated the further education reforms of 1922.

With the passing of legislation in 1922, an American education base was set up. It brought about a revision to the existing structure and system of China's education. In Figure 3.1, three levels are shown in the new education system of 1922: elementary, secondary and higher.

Graduate Schools			Age
			24
Universities			← 23
			Specialist Schools
			20
			19
			← 18
Teacher Training Schools	Upper Secondary Schools	Vocational Schools	17
			16
			Secondary Education
			14
Lower Secondary Schools			13
			12
			← 11
Upper Primary Schools			10
			Elementary Education
			9
Lower Primary Schools			8
			7
			← 6
Kindergarten			

Source: Chen, Q Z, 1963, *A History of Chinese Education*, (Taiwan, Shangwu Yinshuguan), p. 715.

Figure 3.1: The New Chinese Education System of 1922

It was important that this new system generated modern development in education for China. Djung (1934, pp. 65-68) concluded that the 1922 reforms of China's education system had six important results for China's modern education:

- a) The growth of the idea of sex equality in education;
- b) The duration of the education system was shortened;
- c) An emphasis was placed on individual differences;
- d) Compulsory education was extended;
- e) The development of scientific instruction; and
- f) The appearance of vocational education in the system.

Crossroads of Higher Education in Communist China

The pre-1949 Chinese school system had taken shape as a reaction against Western invasion. First the Japanese model was adopted, then the American model. Hu and Seifman (1976, p. xvi) pinpointed a dichotomy: before 1949 two important influences had been crucial in Chinese higher education. First, the influence of the American school system on the practice of the Chinese education system. Second, traditional Chinese society had internalised the Confucian belief in a social pyramid within which Chinese educators acted.

In 1949, Communist China inherited the poor results of the education system of Republican China. A crossroads faced the Chinese Communist leaders, either to follow the Western bourgeois education system or to found a new education system. Imperialism, as Marx predicted, served as "the unconscious tool of history" in creating conditions for a social revolution in China. This was illustrated by all of the pre-capitalist societies of the non-western world on which revolution impinged. China was not refashioned in the image of the Western bourgeois world, as Marx had anticipated it would be (Marx and Engels 1848, p. 36). Chairman Mao Ze-dong (1893-1976), the supreme leader of Communist China, said that the Communists had struggled for a cultural as well as for a political and economic revolution for many years with the aim of building a new society and a new state for the Chinese nation (Chow 1940, p. 340).

Education had to serve the needs of national construction and the "new" society. The rationale for the "old" educational policy in Republican China was that the capitalist school system reflected capitalist production and served the purpose of the monopolistic economy of the capitalist class. China's new socialist school system should reflect the advanced methods of Socialist and national construction. Consequently, the basic aims of China's Communist Educational Policy were defined precisely in the Common Programme in Article 41 of the Chinese People's Political Consultative Conference in September, 1949, (Hu and Seifman 1976, p. 45). This Article stated that the culture and education of the People's Republic of China were to be new democratic, that is national, scientific and popular. The main tasks of the cultural and educational work of the Government were to raise the cultural level of

the people, to train personnel for national construction work, to liquidate feudal and fascist ideology, and to develop the concept of serving the people.

In other words, the basic objectives of Chinese education became nationalism, scientism and popularism. Nationalism requires education to promote Chinese culture and to rid China of the imperialism imposed on it for over a century by foreign nations. Scientism stresses the development of a communist world to replace the capitalist and traditional Confucian patterns of Chinese thought, and to build a new socialist economic order. Popularism provides education for the mass of the people, in particular peasants and workers, to achieve the ideological goal of making the proletariat politically conscious.

"Learning from the Soviet Union" - The Influence of the Soviet Model

The Soviet Union, supporting Mao's revolution, provided economic and technological assistance to China during the 1950s. Russian influence on China was evident in the adoption of the Soviet economic model in China's First Five-Year Plan (1953-1957), which called for tremendous developments and investments in heavy industry. It also sought to centralise the direction of the nation under the leadership of the Chinese Communist Party (CCP). To promote Soviet Education in China, Mr. Ma

Hsu-lun, the first Minister of Higher Education, specified the direction for higher education at the first National Conference of Education in December, 1950, and advocated the slogan "Learning from the Advanced Soviet Experience" (Ma 1950, pp. 986-987). The characteristic of Soviet education in China was the peculiar form taken by Marxism-Leninism. Chang (1990, pp. 26-29) described conceptually that Chinese Communist education was built on the combined thought of Marxism-Leninism-Maoism. Both form and content of the Soviet model were copied, ideology was based on Marxism-Leninism, but corrected by Maoism, and the whole was functionally related to the skills and expertise required for industrialisation.

As shown in Figure 3.2, a new school system on the Soviet model was adopted widely by China in 1951. Outside the schools, for CCP members, cadres and the wider public, Soviet education acted essentially as an instrument to remould ideological uniformity in Chinese students. It also determined which type of training and manpower was needed in national economic planning. Three types of school were provided in the new education system:

- a) Formal schools, elementary, middle and higher, for students;
- b) Spare-time schools for peasants and workers; and
- c) Special schools were set up, including correspondence schools for adults; schools for the blind, deaf and the disabled; political training schools for old classes of education; and schools for professional people.

Graduate Division				Age
				23
				← 22
Universities and Institutes				Higher Education
				21
				20
				19
				← 18
Senior Middle Schools	Technical Schools	Worker/ Peasant Middle Schools	Spare-Time Senior Middle Schools	17
Junior Middle Schools			Spare-Time Junior Schools	16
Elementary Schools			Spare-Time Primary Schools	15
				Secondary Education
				14
				13
				12
				← 11
				Elementary Education
				10
				9
				8
				7
				← 6
Kindergarten				5
				4
				3

Source: Chong, C G, 1951, 'Chinese Education System, 1951', People Daily, 2 October, 1951, p. 6.

Figure 3.2: The Structure of the Chinese Education System, 1951

In addition, the spare-time primary, junior and senior middle schools were set up largely for workers and peasants and in line with formal schools. There were numerous evening and correspondence courses, and labour and education were combined at various levels. The introduction of the Soviet model to China's education was summarised by Yiu (1984, p. 28) as having three consequences for the development of Chinese higher education: an increasing supply of skilled labourers; improved teaching quality; and an increase in the number of graduates in higher education holding a professional qualification.

The increase of graduate students was reflected clearly in the student enrolment in 1952-1953. The numbers in higher education had increased 8.9%, with 70,000 new students. Of these, there were 30,000 new students of engineering (42.9% of the total); 18,300 new students at senior normal school (26.1%); 7,200 health students (10.3%); 4,500 students of natural science (6.4%); 3,000 new students of the humanities (4.3%); 2,000 new students of finance and economics (2.9%); 800 new students of physical culture (1.1%); and 700 new students of politics and law (1%). The remaining 3,500 new students (5% of the total) were of sundry other disciplines (Chen, 1953, pp. 23-27).

Chinese education during the period from 1953 to 1957 was characterised by Mao's enthusiasm to learn from the advanced experiences of the Soviet Union as well as by the ideological concept of Marxism. Higher education stressed only the development of technical experts rather than commercial experts. Mao Ze-dong defended this stress as "to have correct political orientation to the CCP and to serve the people with professional knowledge and skills" (Mao 1952, p. 180). Mao Ze-dong gave an important speech on educational policy on 27 February, 1957, saying that "both students and intellectuals should study hard. They must make progress ideologically and politically, which means they should study Marxism in addition to the specialist subjects of their study. Chinese educational policy must enable everyone who receives an education to develop morally, intellectually and physically and become a worker with both socialist consciousness and culture" (Mao 1977, p. 405).

Korole (1957, p. 311) comments that the Soviet education model in China demotivated the students' creativity and judgement. In fact, the incongruity became almost immediately apparent when Soviet education was launched in China without any adaptation in course material. There is no doubt about the vital role played by the Soviet Union in China's impressive economic growth during the First Five-Year Plan, and in particular creating a new educational system. The Soviet Union became the only source for professionals in sciences and technology. Western management and training were almost absent in the Soviet course materials. The relationship between China and the Soviet Union soon worsened and no other Western assistance was available in economics and education, which forced China to return to the starting point of modernisation again.

"Walking on Both Legs" - The Maoist Educational Experiment

Mao Ze-dong's thinking on education and social revolution had developed as part of the legacy of the Communist Party's experience in Yanan (in Shaanxi province). Lacking raw materials and capital resources, the principle of the economic policy of the Yanan period stressed self-sufficiency and self-reliance. Education had a model of studying and production in combination. The emphasis was on popularity in the form of part-time schools, evening schools and various work-study programmes, as well as

on technical knowledge. The history and experience of the Yenan decade shaped Mao's belief that the Communist victory was built on the support of a massive popular social revolution, participated in by millions of peasants (Meisner 1986, p. 51).

In the 1950s, the structure of education was sharply pyramidal with a tiny percentage of those in elementary school continuing on to university or other post-secondary education. If figures given on the tenth anniversary of the People's Republic of China are reliable, elementary school enrolment in 1958 was 86.4 million (for the first six years of formal school), secondary school enrolment was 10 million (for the three years of junior secondary, and the three years of senior secondary), and higher education was 660,000 (university and post-secondary technical schools). In brief, less than 1 out of 9 elementary school students went to secondary school, while only 1 out of 15 high-school students went on to university (Shi 1959, p. 170). The reasons for this pattern are obvious. Faced with such problems as shortages of trained teachers, financial exigencies, and social uprising and violence, it was difficult to maintain or expand higher education as easily as primary education. As illiteracy was estimated to have been as high as 85% before 1949, it was elementary education, no matter how limited the resources were, which had to be provided as the priority to the vast and poor population (Fraser 1965, p. 112).

The educational moves in 1958-1960 were a part of Mao's aggressive push toward the Chinese characteristic socialist society. In 1958, a large-scale campaign to eradicate illiteracy was carried out among the 600 million Chinese. Yang (1959,

pp. 10-17) reported in 1958 that some 30 million people enrolled in various types of spare-time schools of various standards organised by factories and people's communes. 30 million children were enrolled in kindergartens, an increase of 27 times over the preceding year. 86 million students enrolled in primary education, representing an increase of 34% over 1957. 8.52 million students enrolled in intermediate schools, an increase of 36% over 1957. 1.47 million students enrolled in intermediate vocational schools, an increase of 89% over the preceding year. 2 million students attended professional intermediate schools, an increase of 70% over 1957. Over 660,000 students attended higher education institutions, an increase of 50% over 1957. This event was a great achievement in mass education and "new" China's move towards the eradication of illiteracy.

In the 1950s, two important aspects of China's impressive economic growth during the First Five-Year Plan (1953-1957) were aimed at rebuilding and redeveloping China's industry. One was fostering technical innovation and increasing industrial growth. The other was the campaign to build and improve the community. These two areas of focus sought to benefit the work of increasing production output and the demand for skilled labourers and professionals. On the other hand, these initiatives posed a series of new problems to those engaged in academic, ideological, cultural, and educational work. The main cause of this movement was a wave of bourgeois educational ideas. Students signed up in large numbers for foreign language classes and old-style academic study while labour, production and politics were neglected by the masses. This brought a condemnation of bourgeois liberalism and revisionist

ideologies, and advocacy that students, intellectuals, workers and peasants should study Marxism-Leninism and Mao's works (Lam 1962, p. 3).

As part of the campaign, Mao called for the training of millions of successors to the socialist education movement (1962-1966). The movement was aimed at rectifying and arresting the relaxation of social and political controls, to turn the tide away from capitalism and to rectify the mistakes of cadres indulging in corrupt practices. It was also known as the "Four Clean-Ups" movement, which ordered the cleaning up of undesirable practices in politics, ideology, organisation, and the economy (Ho 1966, p.11).

In the view of Maoist followers, the educational revolution had to be undermined to rectify this situation. In 1968, an educational conference convened by the Central Committee of the Chinese Communist Party set forth three basic guidelines for education. Firstly, it must observe proletarian politics. Secondly, it must combine with productive labour. Thirdly, it must be under the direction of the Chinese Communist Party (Wu 1968, pp. 12-13). The movement was not directly concerned with the schools. The Chinese Communists called this a socialist educational movement, as ideological remoulding is an important function of education acting as its central purpose, and changing behaviour, thought, and attitudes of adults outside of schools is an educational task of even greater importance than the education of students in school. Therefore, Maoists proclaimed that all schools should aim at transforming the ideology of the student from the poison of foreign and old-style influences.

"Two-Line Party Struggle" - The Conflict between Mao's Revolutionary Education and Liu's Economic Education

China turned away from the Soviet model to another one as a result of economic adjustments and worsening relationships with the Soviet Union. This radical turn in education is illustrated by "Mao's Revolutionary Education" that lasted throughout the Great Leap Forward (1958) and the Proletarian Cultural Revolution decade (1966-1976). The revolutionary model of education was a clean break with the Soviet system of education. The Sixteen-Point Decision of the Central Committee of the Chinese Communist Party in August 1966 concerning the Proletarian Cultural Revolution stated that an important task was to transform the old education system with its principles and methods of teaching (Chesneaux 1988, pp. 143-144). The "old principles and methods" were those of the academic model of education. The revolution in education lay not in its philosophy but in the highly charged political atmosphere around it. The goals of Mao's education were clearly both political and educational (Compton 1952, pp. 14-16).

Pepper (1991, p. 21) described Mao's experiments as breaking the continuing domination of "bourgeois" academic professionals by "proletarian" workers and peasants. Productive labour was to become a key part of the curriculum in all schools and at all levels. Matching this trend, various types of schools were set up by state and collective farms. These included general education, vocational training, and full-day schools, work-study schools and spare-time schools. The task of bringing education rapidly to the masses was given in the main to the half-work/half-study schools. In 1965, the Ministry of Education called the first conference of half-

work/half-study schools for farmers. It was laid down that in a half-work/half study school, the ratios between the political, cultural, and technical courses, on the basis of the teaching hours were to be: political content, 10-15%; cultural content, 30-35%; and technical content, 50-60% (Cheng, 1965, pp. 9-10).

After the period of retrenchment (1960-1963), and especially following the withdrawal of Soviet technical assistance and the disastrous crop failures, Liu Shao-qi (1898-1969), was appointed as the successor to Chairman Mao. Liu was pressing a series of economic reforms to strengthen the declining economy. They included: monetary incentives to individuals for agricultural production, the possibility of individuals selling goods in a free market, and increasing the number of small enterprises run on the principle of private profit. In education, leadership was returned to educators. The old system of education reappeared in the form of special "key-point" universities. The secondary and primary schools now followed academic training by professionals.

Liu's economic policies came into conflict with Mao's concept of "proletarian socialism or proletarian dictatorship" (Robinson 1969, p. 12). As a result, the stage was set for a direct ideological confrontation in education. Liu used his influence to insist on his educational ideas and promoted them in most of China's provinces, while Mao criticised the existing school curriculum, teaching methods and system of examination, using his political influence and rallies of Red Guards (Wang 1969, p. 80). The ideological model of education acted as an arena for political struggle between Mao's line and Liu's. Both lines promoted their educational models to the

masses. Basically, they used different educational, ideological and political contexts in their approaches. Liu's line focused on economic development by emphasis on material rather than moral incentives and adopted the academic direction in education. Mao's line gave priority to political loyalty and revolution-oriented education as the prime objectives of Chinese Communism (Chan and Jencks 1982, pp. 68-72).

Table 3.1 shows a comprehensive comparison between the two models, comparing their differences in terms of teaching objectives, expected results, schools, teaching content, teaching methods, teachers, selection of students, relationship with leaders, and ideological framework.

Table 3.1: Comparison of Academic Education Model and Revolutionary Education Model.

	Academic Education Model	Revolutionary Education Model
Teaching Objective	To match national construction and political ideology and consciousness.	To focus on the Chinese Communist Revolution and productive development.
Expected Result	To train an expert with skills, to take the responsibility of production, and coincide with the political goals and ideology of the Proletariat.	To train a Proletarian revolutionary with a highly sensitive concern for political action, and who is "Red" rather than "Expert".
School System	A formal education and semi-industrial and agricultural education are followed in tandem. The formal school system is to train high quality experts, and the more technical and practical one is to provide a mass education for workers and farmers.	An integration of formal and non-formal education, with part-time schools and university.
Teachers	To recruit experts and professionals.	To recruit those who are politically reliable, experienced farmers or workers, not the intellectuals.

Teaching Content	Formal education focused on academic and skill training, non-formal education focused on productive and technical knowledge.	To focus on political consciousness with a revolutionary political education.
Teaching Method	To promote systematic knowledge and skill, in contradiction to Mao's education approach of "Practice" The prime objective of school is to be a learning centre. The academic judgement is based on examination.	To promote Mao's approach of "Practice": society is a testing ground for all knowledge, and all knowledge has to be put into the political struggle and scientific test (Mao 1952, p. 281). The main learning method is to participate in production and political action.
Selection of Students	Through examination and selection according to the best academic performance.	Political quality and class. The farmer and the worker are given priority in selection.
Relationship with Leaders	Under the Chinese Communist Party, the task-oriented and the education professional make the decisions. The politically oriented and the party take care of political matters.	Education should be controlled by the Party and should serve the Proletarian class.
Ideological Framework	Based on the philosophy of Marxism-Leninism, and modified by Maoism.	Based on Maoism, and supplemented by the philosophy of Marxism-Leninism.

Source: Compiled from Chen, H E, 1981, Chinese Education Since 1949: Academic and Revolutionary Models, (Pergamon Press), pp. 90-114.

The conflicts of the "Two-Line Party Struggle" brought three terrifying consequences for Chinese higher education. The first was the re-education of intellectuals. The idea of re-educating intellectuals came from Mao's directives to go "up to the mountains and down to the villages". Students and "bourgeois" academics were sent to the countryside to take up physical labour and to learn from the peasants. They had to be educated by working with workers, peasants, and soldiers (Lau, 1968, p. 24). No accurate statistics for the total number of intellectuals and students who were sent to the villages were recorded, but Bernstein (1977, pp. 24-32), an American scholar,

after a careful study of this subject, estimated that about 40-60 million people were sent from urban areas to the villages.

The second consequence was proletarian leadership in education. Educational reform was a major point of the Proletarian Cultural Revolution. Maoists won the domination in this political combat and won educational leadership. Teams of workers-peasants-soldiers were brought into schools and colleges to exercise proletarian leadership as an educational venture of the revolutionary model. It was in large part an administrative-led measure, designed to serve an ideological purpose and to take away the management of education from the bourgeois scholars and professional educators. Schools, factories and farms were subject to Mao's "Practice". Many cadre schools put emphasis on political education and agricultural work (Joseph et al. 1991, pp. 6-8). The workers-peasants-soldiers who served on the teams were chosen on the basis of their political activism and their single-minded devotion and loyalty to Chairman Mao. The team members unshakably believed that the thought of Chairman Mao could provide the solutions for all problems. Armed with Mao's sayings in the "little red book", they were ready for leadership in schools and universities. The original Maoist idea of integration of urban intellectuals with workers-peasants-soldiers may have appeared to be ideologically attractive, but it led to the ruin of the Chinese education system.

The conflict of the "Two-Line Party Struggle" (1964-1965) did not last long before Mao's line won, but it brought the last consequence - the outbreak of the "Proletarian Cultural Revolution". Official texts which appeared marked the date of the beginning

of the "Proletarian Cultural Revolution" as 10 November, 1965. There was an apparently insignificant criticism in the Shanghai Wenhuibao of a historical play, "Hai Jui Dismissed from Office", which had been written by Beijing's vice-mayor, Wu Han, a well-known historian specialising in the Ming dynasty (Wu 1965, p. 1). Soon, the turmoil of the intensification of the Proletarian Cultural Revolution in politics, economics, education and social life brought the whole nation to complete chaos. China's schools were unable to function and the higher education system had to close until 1976 (Fairbank 1992, pp. 390-401).

In summary, Maoists insisted that education should combine revolutionary action and ideological transformation. This is the very concept of the "theory of continuing revolution under the proletarian dictatorship" and contributed to the theoretical basis for launching the Proletarian Cultural Revolution (Editorial, People's Daily, 6 November, 1976, p. 1). Rebels and Red Guards used this as a licence to exercise total dictatorship over dissidents. After the failure of the initial effort towards modernisation following the Soviet model, China's higher education was to suffer from the Great Leap Forward and the Proletarian Cultural Revolution, once again forcing it off the track from the path to modernisation. Hong (1991, p. 3) explains clearly that "the Proletarian Cultural Revolution was a political attempt by Mao to resolve the basic contradictions between the egalitarian view of Marxism and the elitist tendencies of Leninist organisational principles." Chan (1992, p. 93) argues that this political upheaval was a battle between the contra-distinctive ideals of "education for modernity" versus "education for utopia" during the Great Leap Forward and Proletarian Cultural Revolution. In essence, the political struggle for power has long

been a central feature of the Chinese Communist political system. Tang (1986, p. 99) concludes that "the basic form of Chinese Communist Party politics is a group or a coalition of groups setting out decisively to defeat another major rival group or coalition of groups." It is worthwhile to note that the Maoist educational model was an ideally political utopia for Chinese modernisation, but today's modernisation is more under the sway of European-American models.

Management Education and the "Open Door" Policy in China

About 600 BC, Sun Tsu, the famous Chinese military thinker, in his book, The Art of Warfare, wrote of strategic analysis and planning military action (Ho 1997, pp. 133-147). Sun Tsu formulated a series of strategic rules for leaders to follow in problem solving and management skills. His ideas and concepts stake their place in the historical foundations of Chinese traditional and modern management. The concepts of Sun Tsu are central to management theory not only in China, but in most Asian countries (Wee et al. 1993, p. 10). Apart from Sun Tsu's ideas, Confucian thought has been seen as an important analysis of man and organisation by Chinese society and government. The Chinese bureaucracy was fully developed into a hierarchy of officials, particularly as a result of Confucian influence. This Chinese government bureaucracy lasted longer than any political state in world history, and Toynbee

(1972, p. 309) depicts it as "the finest secular institution that the world has yet seen." Chan and Warren (1972, p. 358) examined Confucian theories in relation to man and organisation. They found that Confucius advocated cultivating and improving the moral nature of people to secure co-operation. Hofstede and Bond (1984, pp. 17-21) interpret the logical link behind economic growth and entrepreneurs in terms of "Confucian Dynamism" in Asian Chinese. In fact, elements of Confucianism can also be found in the British social and education tradition, or even in public schools (Hyland 1993, p. 90). The studies of Chinese classics have provided a new angle to re-examine the traditional practice of Chinese management and its application to modern business, especially in an Asian cultural background.

For thousands of years, businessmen and commercial activities have been ranked among the lowest social classes in Chinese society. The priority of social classes were ranked by order: scholar-officials, peasants, workers and traders. Although big capitalists had gained considerable social status and wealth in Republican China, business management was not preferred to other professions such as politics, science, education and the military. About 1920, management education was introduced at university level in Republican China at Beijing University, including subjects such as finance, accounting, and banking in its economics curriculum. Some twenty universities then also launched management courses or related subjects in their curriculum (Chan and Guan 1984, p. 3). The first business school in the world, The Wharton School of Commerce and Finance at the University of Pennsylvania, had been founded in 1881, so the development of management education in modern China was not far behind Western countries (Kenneth 1966, p. 16). Although China's

management education had suffered from a long stagnation in the 1920s and up to 1948, due to the warlordism (1919-1927), the Japanese invasion (1937-1945) and the civil war (1948-1949), management graduates had still appeared from China's universities. Richman (1969, p. 54) estimated that in 1948-1949, there were 3,100 graduates of finance and economics majors, including business administration, this being 15% of the total graduates in higher education.

Neither before nor after the establishment of the People's Republic of China did management education become an independent discipline. If cultural and social factors could be blamed for hindering the development of management education in China before 1949, the political-ideological considerations became prime factors that determined the trend of Chinese management education in the three decades after the founding of the People's Republic of China. Since 1976, economic factors have dominated the course of development of higher education and also stimulated the need for management education. The new education system of 1951, which followed the Soviet model and was implemented in 1952, had included a new school of management education. It was characterised by two types of narrowly defined training programmes. The first was training of cadres in finance, accounting and applied economics. Graduates of these programmes usually worked in central and local government economic organisations. Another type of training was closely linked with engineering, and provided technical and managerial training in industrial management. Battat (1986, p. 77) described the management programmes in the early fifties as exact copies of similar programmes in the Soviet Union. These programmes, designed to fit the Soviet economic and enterprise management system, featured

"one-man management" in which one director wielded executive power in an organisation. This Soviet system was greatly criticised by the Chinese Communist Party when the political differences between China and the Soviet Union caused their estrangement in the period between 1958 and 1962. The technically-oriented Soviet model of enterprise management was replaced by collective leadership under the Party Committee. In the Re-adjustment and Recovery period (1961-1965) following the Great Leap Forward (1958-1960) a more rational, technical approach to economic development was stressed. This was in turn followed by the Proletarian Cultural Revolution in 1966, when all educational activities were virtually suspended for more than ten years.

The revival of education came with the new economic drive in 1979. The downfall of the "Gang of Four" and the "open door" policy broke the barrier that had isolated China from the West for decades and allowed the adaptation of Western management and skills to modernise its industry and agriculture. The "Four Modernisation" programme was launched at the Third Plenary Session of the Eleventh Chinese Communist Party's Central Committee. The main theme was to "revitalise the economy and open the country up to the outside world". Deng Xiao-ping was the chief architect of the new education and economic policy and a series of reforms was implemented. The priority was clearly that education should serve the needs of the economy. Deng came out unambiguously against the ultra-left slogans of the Proletarian Cultural Revolution and recognised that China's economic development and growth depended on its intellectual development through China's higher education (Deng 1984, p. 53).

So urgent was the need for trained personnel that many potential talents were sent abroad to study. In 1978, at the beginning of the reforms, 860 students were sent to Western countries for higher education. The number increased to 4,888 by 1985, and jumped to 19,000 by 1994. This contrasted sharply with the number studying abroad in the previous three decades since 1949: 231 students in 1952, 114 students in 1962, and 245 students in 1975 (State Statistical Bureau 1997, p. 633). The small number of students who had been studying abroad reflected China's policy of isolation from the outside world in this period. With the "Four Modernisation" programme, China's management programmes were launched with the sole aim of assisting the economic reforms. The new commitment to upgrade management was highlighted in the Communiqué of the Third Plenum of the Eleventh Meeting of the Central Committee of the Chinese Communist Party (December, 1978). Management programmes with the aim of sustaining the "Four Modernisations" were:

- a) A new institute devoted to "economic management" was established within the Chinese Academy of Social Sciences in 1979, and the university curriculum was enlarged to include a department of management;
- b) Cadres were sent for short-term or long-term in-service training; and
- c) Educational qualifications became major criteria of professional standards for appointment to many positions.

China's economic growth is traceable to reforms that have transformed its industrial landscape into one where the share of state ownership in industrial enterprises has declined, and non-state enterprises (or private enterprises) are relatively unshackled

by government policy and face a highly competitively environment in which they have to strive to survive. In 1993, there were about 9.9 million industrial enterprises in China. Of these, 104,700 were "state-owned enterprises"; 1.8 million were "collectively owned enterprises"; and 8 million were "private enterprises". With the remarkable accomplishment of economic reforms and growth, the system of distribution according to economic demand has become the sole yardstick for employment. In some enterprises and institutions, communist ideological education has been neglected, resulting in an emphasis on productivity, profitability and Western management (Child 1994, pp. 301-305).

Table 3.2: China's Graduates in Economics and Finance (1952-1995)

Year	1952	1965	1970	1975	1980	1985	1990	1993	1994	1995
Graduates in Economics and Finance	7,263	2,079	647	905	1,268	24,139	66,380	64,342	80,981	119,042
As a Percentage of Total Graduates	22.7%	1.1%	0.6%	0.7%	0.8%	7.6%	10.8%	11.3%	12.7%	14.8%

Sources: State Statistical Bureau, 1995, *Statistical Yearbook of China 1994*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), p. 564; and State Statistical Bureau, 1997, *Statistical Yearbook of China 1996*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), p. 634.

In Table 3.2, the number of economics and finance graduates increased significantly from the beginning of 1979. In 1980, only 1,268 students graduated. In 1983, management programmes were being taught in 916 colleges enrolling over 38,500 students. By 1985, 24,139 graduates of economics and finance were recorded, 7.6%

of total graduates. By 1995, the number jumped to over 119,042 graduates, over 14.8% of the total graduates. Management graduates have been in great demand for Chinese private enterprises. It is estimated that Chinese enterprises will need 8.5 million management graduates between now and 2000. This means that at least a 10% increase in the number of management graduates is required each year. China cannot afford to sustain its rapid economic growth without this very large number of new managers (Liang 1996, p. 110).

Adult Education and Distance Education in China

The 12th National Congress of the Chinese Communist Party in 1982 designated three strategic areas for economic construction: agriculture, energy and transport, and education and science. At present, education remains the weakest of these three areas. Deng Xiao-ping (1982, p. 3) insisted that the fundamental tasks at the socialist stage of development are to increase productivity; open the country to the outside world and revitalise the domestic economy; and to respect knowledge and talent. The Chinese Government has carefully studied this problem and is implementing measures at various levels and in different forms of education (Yao 1987, pp. 17-18). The concept of "education in different forms" means that, apart from the provision of conventional universities, other means of adult higher education also have to be

expanded quickly. As shown in Table 3.3, China's adult higher education is composed of Radio and TV Universities (RTVUs), Colleges for Workers/Peasants, Colleges for Management Cadres, Pedagogical Colleges, Independent Correspondence Colleges, and Correspondence Courses.

Table 3.3: Student Enrolment in Adult Higher Education in China (1982-1995)

Year	1982	1983	1984	1985	1987	1988	1989	1990	1991	1992	1993	1995
Numbers Enrolled	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000
Radio/TV Universities	258	414	599	674	566	454	326	314	282	278	438	541
Colleges for Workers/ Peasants	144	174	193	261	339	289	255	231	219	230	276	315
Colleges for Management Cadres	na	20	15	40	56	62	63	54	52	57	93	147
Pedagogical Colleges	52	63	164	247	251	276	280	253	186	179	217	213
Correspondence Colleges	-	-	-	10	33	12	16	16	13	13	12	13
Correspondence Courses (a)	208*	273*	322*	493	613	635	671	893	650	664	827	1,338
Total	662	944	1,293	1,725	1,858	1,728	1,611	1,761	1,402	1,421	1,863	2,570

Notes: (a) Correspondence courses and evening universities run by higher education institutions.

(*) Figures include independent correspondence colleges.

Sources: State Statistical Bureau, 1990, *Statistics Yearbook of China 1989*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), p. 711;
 State Statistical Bureau, 1993, *Statistics Yearbook of China 1992*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), p. 719;
 State Statistical Bureau, 1995, *Statistics Yearbook of China 1994*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), p. 572; and
 State Statistical Bureau, 1997, *Statistics Yearbook of China 1996*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), pp. 640-641.

The development of distance education in China is being implemented in two main strands. The first is correspondence education. Though there are four independent correspondence colleges in China, in the main correspondence education has been

provided by dual-mode institutions. These dual-mode institutions offer both full-time courses and correspondence courses, and provide the correspondence materials which include textbooks, guide books, and reference books for correspondence students. Students also receive face-to-face tutorials at local study centres. The first Correspondence Education Department was established at the People's University in 1951. The initial enrolment started on 7 February, 1953, with 10 junior college levels of specialities in finance and economics attracting 2,700 students. Since the 1980s the student enrolment has increased significantly except in the years of 1991 and 1992 and then reached a plateau in 1995: there were 208,000 students in 1982, 493,000 students in 1985, 893,000 students in 1990, and 1,338,000 students in 1995 (Table 3.3).

The second strand of distance education in China is the audio-visual teaching programme launched by RTVUs. China's broadcast education through radio and television media was launched in 1955 with the establishment of RTVUs in Beijing and Tianjing. They closed down during the Proletarian Cultural Revolution and then re-opened in the 1970s. The student enrolment in RTVUs has fluctuated in the last decade: there were 258,000 students in 1982, 674,000 students in 1985, 314,000 students in 1990 and 541,000 students in 1995 (Table 3.3).

Distance education in China gained its legal status in June, 1986, when the State Education Commission of China issued Provisional Regulations regarding Correspondence Education of Conventional Institutions. In 1986, there were 371 higher education institutions offering correspondence education in 286 specialities.

By 1990, there were 443 higher institutions offering correspondence education, in about 326 specialities. Since the "open door" policy was launched in 1979, adult higher education in China has developed rapidly. It can be seen from Table 3.3 that the total student enrolment in adult higher education in China was 2,570,000 students in 1995, compared with 662,000 in 1982. The rapid growth in enrolment of correspondence students (including RTVUs, Correspondence Colleges and Correspondence Courses) indicates the importance of distance education programmes in the development of China's adult higher education: there were 2,700 students in 1953, 466,000 students in 1982, 1,167,000 students in 1985, 1,207,000 students in 1990, and 1,942,000 students in 1995 (Table 3.3).

Current Problems of Higher Education in China

The objective, that higher education should shape China's modernisation, is not a new direction. The several earlier reforms of higher education had tried to adopt many new systems in Chinese education and advocated sweeping educational change as a means to achieve prosperity and national security. Hayhoe (1992, p. 109) stressed that "contemporary higher education in China was the result of a series of historical experiments that combined various foreign models". These models included Japanese, American, Soviet, and Maoist. The ten years of Proletarian Cultural Revolution

brought disaster to the whole educational system and to the nation. Between 1966 and 1976, all the educational systems which had been adopted were disowned and the policies discredited. From the 1970s, new political and economic policies were followed. The change was from a closed-door to an open-door policy, from a planned economy to a planned economy supplemented with a market economy, from an economy under a single public ownership to multiple economic patterns. Thus, there have been continuous changes to China's higher education, but they are by no means an enigma because certain tendencies governed them. The Proletarian Cultural Revolution was such a bad experience and this form of political change so damaged the nation that it is quite discredited, both by the people and the Communist leadership. An assumption can be drawn that political changes are an implicit element of China's instability and educational development.

The "old problem" of China's higher education is that ideology has been too important a factor. The ideological factor seems to have functioned simultaneously as a form of policy and as a legitimisation. Ideology has played an essential part in shaping educational policy and a deeper justification of the semantic role of ideology is its legitimising value. It is a decisive feature of Communism that the actions of its leaders and cadres are legitimate, in other words determined by a body of doctrine which justifies them. Two of the most important doctrines are Mao's self-reliance and egalitarianism. From the mid-1950s, and extending throughout the Great Leap Forward, Mao's Revolutionary Education Movement, and finally the Proletarian Cultural Revolution, Mao aimed at the concentration of political and economic authority under his central control. Self-reliance was a key part of economic policy in

the Proletarian Cultural Revolution. It dealt with the question of how to allocate resources without recourse to a market. The principle of self-reliance led to the industrial system and workforce being allocated resources according to availability (Oksenberg 1970, p. 6). The principle of self-reliance has been centred in the "policy of isolation" which comprised Mao's circumscribed thought of social organisation in the 1960s.

The concept of egalitarianism is homogeneous with respect to the concept of balance in the re-distribution of wealth, income, status opportunity or capability. Egalitarianism in education has been an important element in inculcating new cultural and political values. Egalitarianism is not compatible with the socialist principle of distribution according to work; socialism should not provide an "iron rice bowl". However, the concept of egalitarianism undermined the effort of diligent people and encouraged people to be lazy and it caused great harm to economic development as well as education (Wong et al. 1979, pp. 23-24). As a result, until 1979 education served the proletarian class and there was unproductive dependence on the collective. China's policy of self-reliance and egalitarianism lasted until the economic reforms. This ideological argument influenced decisions in China's affairs, notably those linked to serious internal problems. A good example is that the students' demonstration in 1989 and the Tiananmen Square "Crackdown", made a reconsideration of ideological control on students by CCP's leaders necessary. In fact, the ideological-political role of Chinese Communism has become an essential ingredient in the unification of the nation. While the Chinese Government has confirmed its commitment to reforms and the "open door" policy, it has reverted to

denouncing external intervention in Chinese affairs. In so far as ideology can still be used to identify and defend the Chinese Communist Government, it certainly remains capable of having a strong influence on higher education policy.

Mao Ze-dong (1977, p. 104) pointed out that "the economic development of the various socialist countries is not in balance, nor is that of the provinces within a country, or the counties within a province." It is very true today that there are great differences in the level of economic and educational development in various parts of China. The eastern coastal areas are more developed, while the interior in the west, especially the border areas inhabited by the minority peoples, are rather backward. For instance in 1995, the per capita annual income in Shanghai was RMB\$7,196, whereas in some north-western provinces and autonomous regions, it was less than RMB\$3,400. The different levels of development of China's higher education in its 30 regions can be clearly shown by the number of higher institutions and full-time teachers. In 1995, there were 1,054 higher institutions with 400,742 full-time teachers. Of this number, the 13 coastal regions had 584 institutions with 223,281 full-time teachers. The interior in the 10 western regions had 384 higher institutions with 132,640 full-time teachers. The remaining 7 regions had 86 higher institutions with 44,821 full-time teachers (State Statistical Bureau 1997, p. 288 and pp. 641-643). Such differences of economics and education were caused by the political and economic policy adopted in 1979 by which the eastern and coastal regions were to be developed first. The result of the differences was another problem: illiteracy. On 12 November, 1995, the Xin Hua News Agency (the representative office of China's Government in Hong Kong) pointed out, that according to the estimation of the State

Education Commission of China, there were still 150 million illiterates in China in 1994, mainly in rural areas. Of this number, 35 million were young people in the prime of life. Each year the number of illiterates increases by one million. Based on this estimation, there are now 12.6% of the population in China who are illiterate. Attempts to increase literacy have been made since the establishment of Communist China in 1949. Illiteracy before 1949 was reported to have been higher than 85%, so the current figure of literacy seems to be a great improvement. However, literacy in China may refer only to those who can recognise a few hundred words, a very elementary level of education. This situation is not unrelated to the fact that there are currently many illiterates streaming from backward regions to developed regions and coastal cities. The problem of young students and their futures is the most serious social strain of the 1990s. In 1995, 16.3 million secondary school students graduated, but fewer than one million went on to higher education. It is impossible to eradicate these differences and problems overnight. China's Government must make efforts to enable the less developed regions to expand their economies as well as their education programmes continuously, in order to reduce the gap between those regions and the more advanced ones and so relax the tension.

In 1985 China's public expenditure on education as a percentage of the Gross National Product, was 3.6%, compared to other developed countries such as the USA (5.0%), Canada (7.1%), the UK (4.9%), and France (5.8%). Compared to some Asian developed countries, China's expenditure was not far below Japan's (5.0%), Singapore's (4.4%), Malaysia's (6.6%), and South Korea's (4.5%) (State Statistical Bureau, 1995 p. 790). In view of the huge population size (1,204.9 million in 1995),

the amount spent per capita on the development of education in China is relatively low. In 1995, China's total expenditure on education amounted to RMB\$119.3 billion (per capita RMB\$99) compared with Hong Kong HK\$33.7 billion for its 6.1 million people (per capita HK\$5,525). Literacy training and adult training are not receiving sufficient funds, and any new adult education programmes have to rely largely on the support of local universities. Although the current "open door" policy emphasises modernisation through training of expertise and labour skills, China's Government has underestimated the needs of higher education, particularly for adults. Enrolment in different forms of higher institutions increased from 1,144,000 in 1980 to 2,060,000 in 1990, and 2,906,429 in 1995. In addition, enrolment in adult higher education has also increased from 662,000 in 1982, to 1,761,000 in 1990, and 2,570,000 in 1995. In 1991, the percentage of current graduate students in China's population was only 0.17%, while in the USA the percentage of graduates is 5.6%, in Canada 6.9%, in Japan 2.3%, and in the UK 2.2% (State Statistical Bureau 1995, p. 735 and p. 789).

China's higher education is confronted with persistent problems which have been aggravated by the effect of the Tiananmen "Crackdown" in 1989. These problems include the political policy change after 1989, the vast differences among regional economic growths, the scarcity of financial resources for higher education particularly in rural areas, the high proportion of aged professors, and the very low pay for professors (Wei 1996, pp. 10-25). All these will surely be stumbling-blocks to the development of China's higher education and China's becoming an industrialised nation in the next century.

Chapter Four

Hong Kong's Higher Education and University Distance Education

Overview

This chapter focuses on the current system and development of higher education in Hong Kong. It also reviews the rapid development of internationally franchised university distance education programmes in Hong Kong's higher education. With the provision of distance education programmes and enrolment, Hong Kong has already become a very big educational market of this kind in Asia. Since the 1980s, non-local distance education institutions from the Commonwealth or non-Commonwealth countries have offered their distance education programmes to Hong Kong students at the various levels of Bachelor, Master or Doctorate degree.

By analysing the current Western education system in the light of the political changes in Hong Kong in 1997 and the uncertainty of an integration mechanism between Hong Kong's and China's education systems, this chapter tries to determine the problems which Hong Kong's tertiary institutions may face during or after the transitional period.

Current Development of Hong Kong's Higher Education

Education in Hong Kong is a highly utilitarian means to economic and vocational ends, and has been driven by an "ad hoc" policy. This situation remained unchanged until the Education Commission was established in 1984. The Hong Kong Government then started to set clear goals for the development of education. The goals for the 1990s are defined by two main areas: to improve the quality of school education, and to expand higher education. The improvement of the quality of school education is guided by five major documents: Education Commission Report No. 4 (1990); The School Management Initiative (1991); Education Commission Report No. 5 (1992); The School Education in Hong Kong (1993); and Education Commission Report No. 6 (1995).

The expansion of tertiary education was initiated by the recommendations of Education Commission Report No. 3 (1988). As there was strong demand for workforce with tertiary education and a loss of its supply in the 1980s, the Hong Kong Government took two important decisions about its higher education policy in 1989. The first was to establish the Open Learning Institute of Hong Kong. This was the first time that there had been a post-secondary institution using open access and distance education programmes to provide higher education for Hong Kong's adults. The second decision was that all tertiary institutions (including universities, polytechnics and post-secondary colleges) should be funded by the University and Polytechnic Grants Committee (now the University Grants Committee), so that they

could expand greatly the number of places for higher education (Education Commission, 1988, p. 10 and p. 43).

Table 4.1: Hong Kong's Tertiary Institutions and Post-Secondary Colleges

Year Founded	Hong Kong Tertiary Institutions	Year of Status Change	
1911	The University of Hong Kong		
1956	Hong Kong Baptist College	1995	Hong Kong Baptist University
1963	The Chinese University of Hong Kong		
1967	Lingnan College		
1971	Shue Yan College		
1972	The Hong Kong Polytechnic	1995	The Hong Kong Polytechnic University
1984	The City Polytechnic of Hong Kong	1995	The City University of Hong Kong
1985	Hong Kong Academy for Performing Arts		
1989	The Open Learning Institute of Hong Kong		
1991	The Hong Kong University of Science and Technology		
1993	Hong Kong Technical College (Tsing Yi)		
1993	Hong Kong Technical College (Chai Wan)		
1994	Hong Kong Institute of Education (formed by combining five Colleges of Education)		

Source: Howlett, B, (ed.), 1997, Hong Kong Annual Report 1996, (Hong Kong, Information Services Department), pp. 131-155 and pp. 338-366.

To accommodate the increased number of places in higher education, the numbers of tertiary institutions and post-secondary colleges have increased quickly since the

1980s. Table 4.1 indicates that an increase of five tertiary institutions and two post-secondary colleges occurred between 1984 and 1995. This expansion involved the establishing of one new university, setting up one "Open Learning" institute, upgrading one post-secondary and two polytechnics into universities, building two technical colleges, and combining five colleges of education into one education institute. By 1995, Hong Kong had a total of thirteen local tertiary institutions and post-secondary colleges that offered various diploma and degree programmes and of these six institutions had university status.

With the rapid development of higher education, the Hong Kong Government considered that the existing system of an overseas validating body was no longer appropriate for Hong Kong's tertiary institutions. In 1990, the Hong Kong Council for Academic Accreditation (HKCAA) was set up to accredit the degree courses provided by non-university institutions, while the universities accredited their own degree courses. Before the establishment of HKCAA, the UK's Council for National Academic Accreditation was engaged to provide advice on the degree courses provided by non-university institutions in Hong Kong. The establishment of HKCAA represents a new phase of academic accreditation for Hong Kong (Hong Kong Council for Academic Accreditation 1992, pp. 1-7).

Education is an important item in Hong Kong's public expenditure. Table 4.2 shows that in the 1994/95 financial year, education as a whole accounted for 18% of Hong Kong's public expenditure and 2.9% of its Gross Domestic Product, HK\$29,110 million. Education was the third largest expenditure after Housing and Social Welfare

(30% of public expenditure), and Community and External Affairs, Environment and Infrastructure (24%). The total education budget, in real terms, increased from HK\$18,800 million in 1991 to HK\$29,110 million in 1994. The recurrent expenditure on education was HK\$26,921 million in 1994/95 compared to HK\$16,200 million in 1991/92. Of the recurrent expenditure, primary education accounted for 22.4%, secondary education for 33.4%, tertiary education for 36.5%, and other education expenditure for 7.7%. Primary and secondary education recorded a decreasing percentage of their resource allocation for the simple reason that the emphasis of educational development in Hong Kong has been on expanding tertiary education. This has left relatively little for growth and investment in primary and secondary education.

Table 4.2: Hong Kong Government Expenditure on Education

Financial Year	1991/92	1992/93	1993/94	1994/95
Total Expenditure (HK\$ million)	18,800	21,600	25,119	29,110
% of Government Budget	17.4	17.5	16.2	18.0
% of Gross Domestic Product	2.8	2.8	2.8	2.9
Recurrent expenditure (HK\$ million)	16,200	18,900	23,052	26,921
% of Primary	27.2	25.8	23.5	22.4
% of Secondary	37.2	36.7	34.5	33.4
% of Tertiary	31.0	33.2	34.7	36.5
% of Other	4.6	4.3	7.3	7.7

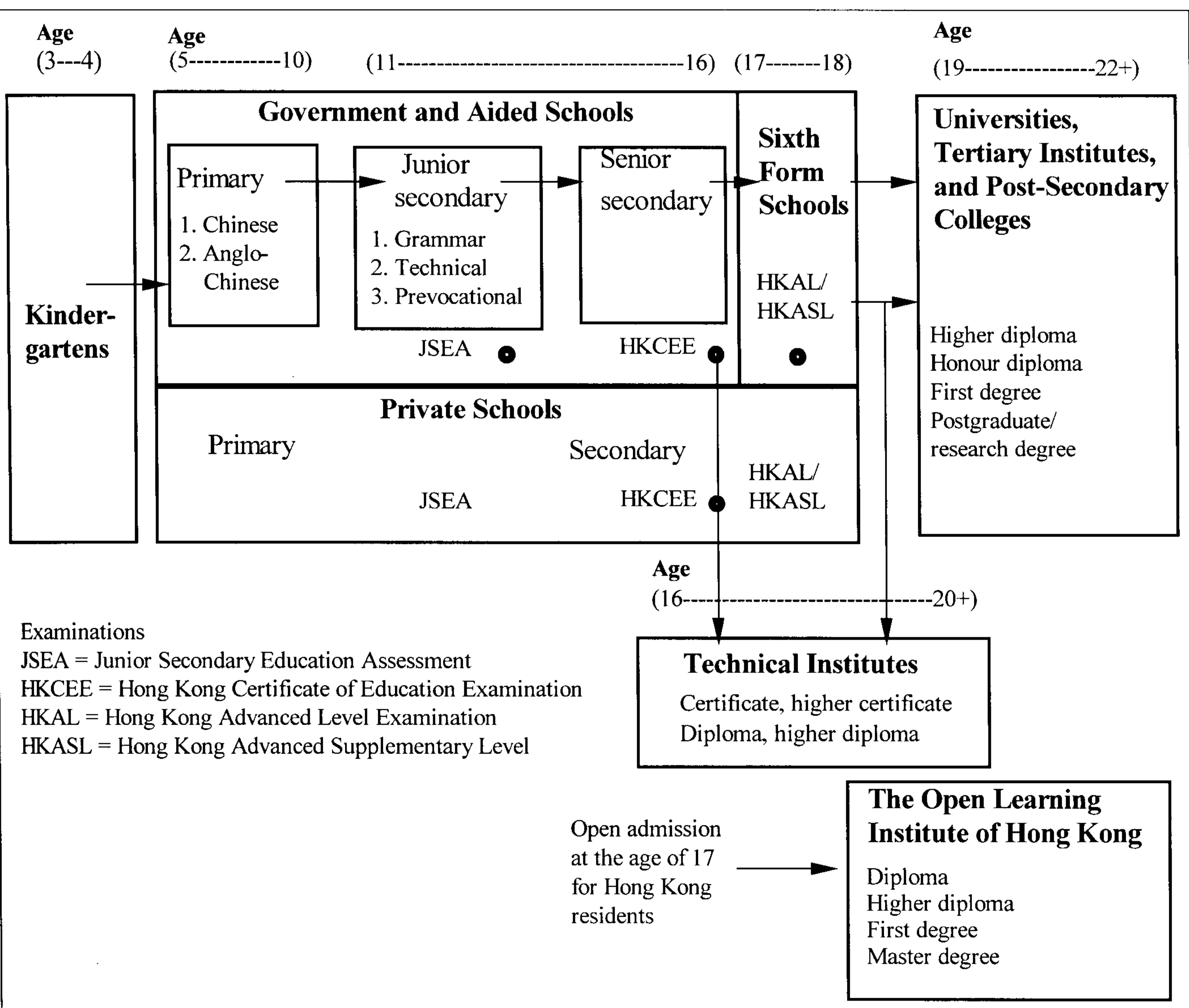
Sources: Daryanani, R, (ed.), 1996, Hong Kong Annual Report 1995, (Hong Kong, Information Services Department), p. 504; and
Howlett, B, (ed.), 1997, Hong Kong Annual Report 1996, (Hong Kong, Information Services Department), p. 435 and p. 462.

From an entrepôt to an international trading center, Hong Kong has seen many significant changes in social and economic development. The Hong Kong economy strengthened during the world economic boom of the 1960s and early 1970s and consolidated its growth following China's economic reforms in the 1980s. Hong Kong has already made considerable progress in reaching its education goals by its continuous investment and expansion programmes. By 1994, the expansion programme of higher education had achieved its target to provide 14,500 first-year first-degree places for Hong Kong students. This meant that nearly 18% of the relevant group (aged between 17 and 20) could attend tertiary education compared to only 3.3% in 1984. In the 1990s, Hong Kong had become an important financial and service centre in Asia. The rapid expansion of higher education increased the supply of high-quality manpower for Hong Kong's commerce and industry, and enhanced the strength of its human resources vis-à-vis the global competition.

Hong Kong's Education System - The Shadow of the British System

Since coming under British rule in 1842, Hong Kong has followed the British model in its education system. During its colonial history, Hong Kong has been a unique and highly successful commercial city at the centre of world routes, with manufacturing and banking interests which have been predominant in Asia. The Hong Kong

education system has developed in parallel with its economic, social and political development. Sweeting (1992, p. 45) divided the development of Hong Kong's education system into four simple major stages: The Heyday of Applied Colonisation (1843-1913); Colonialism under Challenge (1914-1945); Applied Decolonisation (1946-1965); and Colonialism as a Shibboleth (1966-1997).



Sources: The Open Learning Institute of Hong Kong, 1995, Annual Report 1994-1995 of the Open Learning Institute of Hong Kong, (Hong Kong, The Open Learning Institute of Hong Kong), p. 2; and Wong, S W, 1994, Departmental Report 1992-1994, (Hong Kong, Hong Kong Education Department), p. 22.

Figure 4.1: Simple Structure of Hong Kong's Education System

As illustrated in Figure 4.1, Hong Kong's education system is composed of kindergartens, primary and secondary schools, technical institutes, and tertiary institutions. In brief, nine years of compulsory general education (Primary and Junior Secondary levels) are provided to students from the age of 5. Primary education lasts six years, and secondary education consists of three years junior secondary (forms 1-3 level), two years senior secondary (forms 4-5 level), and two years of sixth form. Secondary students must take the Junior Secondary Education Assessment at form 3 and the Hong Kong Certificate of Education Examination at form 5. Sixth-form students can either enter the Hong Kong Advanced Level Examination or Hong Kong Advanced Supplementary Level Examination for entry to universities or other tertiary institutions.

At present, most provision at primary, secondary and tertiary levels, or vocational education, is in the public sector. A small number of primary and secondary schools are managed by the Government (Government Schools), but most public sector schools are run by voluntary agencies, such as religious and charitable organisations (Aided Schools). The public sector of technical and tertiary level institutions are managed by autonomous statutory bodies. Many private schools are engaged in offering kindergarten education or commercial education, while some offer primary and secondary levels and international schools' curricula. In 1995, there were in Hong Kong 731 kindergartens, 860 primary schools, 507 secondary schools (junior and senior), 7 technical institutes and 2 technical colleges, 1 approved post-secondary college, and 6 universities and 4 tertiary institutes (including the Open Learning

Institute of Hong Kong, which provides tertiary education for adult students through distance learning mode).

In addition to the economic contribution of Hong Kong, China could make good use of Hong Kong's education system and resources in helping its modernisation (Lee 1992, p. 243-249). The question which then poses itself is whether China values Hong Kong's education system. Postiglione (1992, p. 7) wrote that the education system in Hong Kong is "the British tradition of elite education combined well with the Chinese tradition of examination-oriented selection for positions in government." For more than one hundred years, Hong Kong has been a crossroads of East and West. The combination of two different cultures provides a unique outlook and successful commercial niche for Hong Kong. Hong Kong's education system is approaching the time when it will need to find integration with China's. This will surely place the current Western education of Hong Kong in conflict with Chinese Communist education when Hong Kong becomes a Special Administrative Region of China in 1997 (Cheng 1995, pp. 10-12).

Hong Kong's Higher Education - Current Enrolment Trends

Hong Kong's higher education is conditioned by the Government's policy and by economic development. At the end of 1946 about 52,000 children attended primary school, but only 1,205 were in secondary schools in the urban area. Education policies were directed to the rehabilitation of a shattered system for the many thousands of refugees who fled from the mainland after World War Two. The education budget was kept at a minimal level in Government spending. For example, in 1947 Hong Kong's education budget was only HK\$9 million. After 1950, Hong Kong metamorphosed from an entrepôt to an industrial giant, and education policies received increased expenditure. In 1951, HK\$19 million was spent on education. Although expenditure on education had increased, the entry rate of higher education was still very low. From a population of 2.4 million people in 1951, only 871 students could enrol in the single university - The University of Hong Kong (Government Publication Bureau 1953, pp. 46-50).

Higher education in Hong Kong developed relatively slowly until the early 1980s. Significant progress in educational development and investment has been made in Hong Kong, resulting in a striking improvement of the entry rate (the 17-20 age group obtaining a degree place) and a falling of dependency ratio (the ratio of school-age population to working adults). In 1974, only 2.2% of the 17-20 age group could obtain a place in a local first-degree programme. This increased to 3.3% in 1984 and 10.2% in 1990. By 1994, the entry rate of the relevant age group had increased to nearly 18%. On average, the dependency ratio dropped from 0.56 in 1984; to 0.52

in 1990; 0.50 in 1992; and to 0.47 in 1994 (General Statistics Section 1995, p. 17 and p. 109).

Table 4.3: Hong Kong's Higher Education - Enrolment Trends (1984-1995)

	1984	1989	1990	1991	1992	1993	1994	1995
(a) Hong Kong Institute of Education	4,834	4,645	4,979	4,891	4,355	4,225	7,175	8,759
(b) Technical Colleges	-	-	-	-	-	944	9,347	12,961
(c) Post-Secondary Colleges	8,821	5,049	4,730	3,373	3,070	2,787	2,712	2,600
(d) Universities and Tertiary Institutes	41,969	54,833	57,824	64,942	68,109	70,181	72,154	76,357
The Open Learning Institute of Hong Kong	-	4,237	13,009	17,535	14,462	15,058	18,311	20,085
Total	55,624	68,764	80,542	90,741	89,996	93,195	109,699	120,762

otes: (a) Hong Kong Institute of Education was formed by combining five Colleges of Education in 1994. The enrolment figures for 1984-1993 refer to the five Colleges of Education.

(b) Technical Colleges include Hong Kong Technical College (Tsing Yi) and Hong Kong Technical College (Chai Wan).

(c) Post-Secondary Colleges include Hong Kong Baptist College, Shue Yan College and Lingnan College. Hong Kong Baptist College has been funded by the University Grants Committee (UGC) since 1983 and categorised as a tertiary institute in 1986, and changed to university status in 1995. Lingnan College has been funded by the UGC since 1991 and categorised as a tertiary institute. Enrolment figures prior to 1991 include Lingnan College and those prior to 1984 include Hong Kong Baptist College.

(d) Universities and Tertiary Institutes, funded by the UGC, include The University of Hong Kong, Hong Kong Baptist University, The Chinese University of Hong Kong, The Hong Kong Polytechnic University, The City University of Hong Kong, The Hong Kong University of Science and Technology, and Lingnan College. Hong Kong Academy for Performing Arts is funded by the Broadcasting Culture and Sports Branch, Hong Kong Government.

urces: General Statistics Section, 1995, Hong Kong Social and Economic Trends 1995, (Hong Kong, General Statistics Section, Census and Statistics Department), October 1995, pp. 105-111, Hong Kong Council for Academic Accreditation, 1992, Handbook of Hong Kong Council for Academic Accreditation 1991, (Hong Kong, Hong Kong Council for Academic Accreditation), p. 5; Hong Kong Council for Academic Accreditation, 1993, Handbook of Hong Kong Council for Academic Accreditation 1992, (Hong Kong, Hong Kong Council for Academic Accreditation), p. 5; and Howlett, B, (ed.), 1997, Hong Kong Annual Report 1996, (Hong Kong, Information Services Department), pp. 131-171, pp. 341-342 and p. 459.

Hong Kong has always attached a high value to education because a better educated population is the key to a developed city and economic growth. The enrolment trends of higher education for 1984-1995 are shown in Table 4.3. In 1984, there were 55,627 students studying in tertiary institutions and post-secondary colleges. By 1995, this had increased to 120,762 students. They studied in one Hong Kong Institute of Education (8,759 students), two technical colleges (12,961 students), one post-secondary college (2,600 students), six universities and two tertiary institutes (76,357 students) and one Open Learning Institute of Hong Kong (20,085 students). In 1995, the total number of students in all levels was 1,296,519, being 20.6% of Hong Kong's 6.1 million people.

The University Distance Education Market in Hong Kong

Throughout the 1980s, university distance education expanded significantly in Hong Kong. These non-local distance education programmes have been introduced to Hong Kong students either by the programmes' own operational offices, by local agents or through their co-operation with local tertiary institutions. Lee and Lam (1994, p. 49) classified the non-local distance education programmes into four types:

- a) Distance education programmes or offshore programmes which can be completed by students without leaving Hong Kong;
- b) Sandwich programmes which require only a minimum residence period in the overseas country;
- c) Linked courses in which students can pursue the first part of the course with a local institution and complete the course in the overseas country; and
- d) Courses in a standard curriculum that require residence in the overseas country for a substantial period.

In terms of market size and potential, the enrolment of these part-time and distance education programmes is extremely large. In 1992, one Government estimate put the total places of all part-time continuing education courses in Hong Kong at 750,000 (Chan 1992, p. 2). Another analysis indicated that about 165,486 students attended annually the part-time and distance education programmes provided by the continuing education departments of five local tertiary institutions. These local tertiary institutions included: The School of Professional and Continuing Education (The University of Hong Kong), The Department of Extra-Mural Studies (The Chinese University of Hong Kong), The Centre for Continuing Education (The City University of Hong Kong), The Centre for Professional and Continuing Education (The Hong Kong Polytechnic University), and The School of Continuing Education (The Hong Kong Baptist University) (Lee and Lam 1994, p. 48).

With the added provision of distance education programmes by the Open Learning Institute of Hong Kong, Hong Kong has become a very large market for university distance education programmes since the 1980s. The first distance Master programme was launched in Hong Kong by The Asia International Open University (Macau) in 1983. This is an executive MBA programme for Hong Kong students and businessmen, involving weekend study. The non-local education institutions have never stopped their promotion and expansion activities in Hong Kong's educational market. The earliest distance MBA programmes in Hong Kong from British universities were those of the Henley Management College (1984) and the University of Warwick (1986), while the earliest distance MBA programme from the USA was that of Northeast Louisiana University (1991). The latecomers were Australian and Chinese programmes.

Although there are no accurate figures about the enrolment in internationally franchised university distance education programmes in Hong Kong, Table 4.4 shows some important findings about the number of internationally franchised university distance education programmes and enrolments in Hong Kong. This analysis is based on the non-local distance education enrolment figures published in the Academic Programmes Guide 1994 -1995, non-local distance education programmes published in the Hong Kong Adult Education Handbook 1995-1996 and on enquiries made to the local agents/operators or offices of non-local distance education programmes. These include the Hong Kong Management Association (agent for the University of Warwick, Macquarie University, Royal Melbourne Institute of Technology, Shenzhen University, and Zhongshan University), local office of Henley Management College,

the School of Professional and Continuing Education of the University of Hong Kong (agent for Strathclyde University, Napier University, Curtin University of Technology, Monash University, and the University of London), the School of Continuing Studies of the Chinese University of Hong Kong (agent for the University of Oklahoma, the University of New England, and Victoria University of Technology), local office of the University of Hull, On-Line Education (agent for the University of Paisley), Hong Kong Overseas Studies Centre (agent for Heriot-Watt University), and Asia Pacific Management Institute Ltd. (agent for South Australia University, La Trobe University, and the University of Luton).

Table 4.4 gives a total of 17,009 students studying 132 internationally franchised university distance education programmes which were offered to Hong Kong students in 1994-1995. These university distance education programmes include 46 Bachelor, 83 Master and 3 Doctorate degree programmes. Among the 132 overseas programmes, 7,659 students studied in 46 Bachelor degree programmes; 9,290 students studied in 83 Master degree programmes; and 60 students studied in 3 Doctorate degree programmes. Obviously, the distance Master degree programmes attracted more distance students than for the Bachelor degrees. The Doctorate degree programmes offered in Hong Kong included one Doctor of Business Administration, one Doctor of Education, and one Ph.D. in Business. There is no point in going into details on the market size of the Doctorate degrees because they had been launched in Hong Kong for only a short time.

Table 4.4: Internationally Franchised University Distance Education Programmes and Estimated Enrolments in Hong Kong (1994-1995)

Country Programme Discipline	UK	Australia	Macao	USA	China	Other	Sub-Total
Business and Management	7B (450) 31M (3,300) 1D (5)	5B (1,390) 13M (1,700) 1D (30)	1B (1,690) 1M (350)	4M (670)	1B (240) 2M (300)	1M (350)	14B (3,770) 52M (6,670) 2D (35)
Computing	3B (390)	2B (78) 2M (110)					5B (468) 2M (110)
Construction	1M (300)						1M (300)
Education	4B (260) 9M (490) 1D (25)	2B (50) 2M (40)					6B (310) 11M (530) 1D (25)
Engineering	2M (470)	1B (30) 1M (30)					1B (30) 3M (500)
Law	2B (90) 1M (60)				2M (70)		2B (90) 3M (130)
Science/ Technology	2B (370) 1M (70)	6B (470)					8B (840) 1M (70)
Social Sciences	2B (1,200)			3M (230)	1M (30)	1M (500)	2B (1,200) 5M (760)
Nursing	1B (250)	5B (566) 1M (60)					6B (816) 1M (60)
Other	1B (30) 4M (160)		1B (105)				2B (135) 4M (160)
	22B (3,040) 49M (4,850) 2D (30)	21B (2,584) 19M (1,940) 1D (30)	2B (1,795) 1M (350)	7M (900)	1B (240) 5M (400)	2M (850)	46B (7,659) 83M (9,290) 3D (60)
Total	73 (7,920)	41 (4,554)	3 (2,145)	7 (900)	6 (640)	2 (850)	132 (17,009)

Key: B = Bachelor degree M = Master degree D = Doctorate degree
Estimated Enrolment of 1994-1995 in brackets.

Sources: Hong Kong Council for Academic Accreditation, 1996, *Academic Programmes Guide 1994-1995*, (Hong Kong, Hong Kong Council for Academic Accreditation), pp. 110-395;
Holford, J, Gardner, D, and Ng, G H, 1996, *Hong Kong Adult Education Handbook 1995-1996*, (Hong Kong, Longman), pp. 130-252; and
Local agents/operators or offices of distance education programmes (including: the Hong Kong Management Association, local office of Henley Management College, the School of Professional and Continuing Education, the School of Continuing Studies, local office of the University of Hull, On-Line Education, Hong Kong Overseas Studies Centre, and Asia Pacific Management Institute Ltd.).

The UK programmes had the largest enrolments of the internationally franchised university distance education in Hong Kong (7,920 students enrolled in 73 programmes), followed by Australian programmes (4,554 students enrolled in 41 programmes), Macau programmes (2,145 students enrolled in 3 programmes), USA programmes (900 students enrolled in 7 programmes) and programmes from China (640 students enrolled in 6 programmes). Of the programme disciplines, business and management was the most popular and demanding discipline. 68 of the 132 programmes belonged to business or management, and 10,475 students of the total 17,009 students studied this discipline. Within the 68 business and management programmes, 6,670 students were engaged in 52 Master degree programmes (mostly for MBAs). Overall, Master degree programmes also accounted for 62.9% and 54.6% of the total university distance education programmes in terms of student enrolment and programme number respectively. This finding shows that the distance Master degree has been largely accepted and is in demand by Hong Kong's distance students. Another popular discipline was the Social Science Bachelor degree. The most popular programmes are London external degree courses which attracted 1,200 students to enrol. Other disciplines included Science/Technology Bachelor degrees (840 students), Nursing Bachelor degrees (816 students), and Education Master degrees (530 students).

The recognition policy of degree awarded by Commonwealth nations on the part of the Hong Kong Government has also attracted more non-local university distance education programmes from the UK and Australia to Hong Kong. As an international financial and commercial city, the distance education programmes in management

and business studies have been in high demand here. One can foresee that more programmes, especially at Master degree level in business and management, will be offered by those non-local distance education institutions which are in tune with Hong Kong education market. Though student enrolment for university distance education is steadily increasing, many problems still exist in its market environment. These problems include: keen competition between university distance education institutions, the uncertainty of education policy regarding internationally franchised university distance education after 1997, the change in adult students' needs and income, the status accorded to distance education degrees by Hong Kong's employers, and the rapid changes in Hong Kong's social and economic environment.

The Development of Local University Distance Education in Hong Kong

Concern at the lack of adequate provision for tertiary education was expressed by Hong Kong community and education leaders in the 1970s. The expansion of tertiary education was finally considered by the Government in the 1980s. The turning-point for university distance education in Hong Kong was when it was advocated to the Government by the Llewellyn Report in 1982, A Perspective of Education in Hong Kong (Llewellyn 1982, p. 20). This was followed by the second report of the Education Commission in 1986, the Education Commission Report No. 2, and

together some essential comments were provided for the foundation of open education in Hong Kong. These included:

- a) The need to provide a second chance for those who had to forgo, or were denied the opportunity of, further education when they left school, or whose requirements for further education developed relatively late in life;
- b) The need to provide continuing education to update and enhance the training of those who completed their further education at the beginning of their careers; and
- c) The need to provide retraining for those who needed to change or extend their career or vocational skills later in life to adapt to technological, economic and social change.

The recommendations on tertiary education of the Education Commission Report No. 3, (1988), led the Executive Council of the Hong Kong Government finally to approve the establishment of a Planning Committee for the Open Learning Institute which submitted its report in early 1989. The main points of the Report of the Planning Committee of the Open Learning Institute were (Planning Committee for the OLI 1989, p. 12):

- a) The establishment by law of the Open Learning Institute of Hong Kong (OLIHK);
- b) The initial operating costs to be supported by the Government, but the OLIHK was expected to become self-financing in approximately four years; and
- c) The OLIHK to offer sub-degrees, degrees and higher degrees; and admission to be open without prior academic qualification.

With financial assistance from the Hong Kong Government, the Open Learning Institute of Hong Kong (OLIHK) was founded in late 1989 and has become financially independent since 1993. The OLIHK is the first local institution to provide degree programmes for Hong Kong adult students (aged 17 or over) on an "Open Admission" base (The Open Learning Institute of Hong Kong, 1996, p. 3). Basically, the distance learning mode has been adopted from the Open University in the United Kingdom. Most degree programmes offered by the OLIHK have been validated by the Hong Kong Council for Academic Accreditation and all degrees awarded are recognised as full-time degree courses equivalent to those of other tertiary institutions in Hong Kong. Though the OLIHK is a new tertiary institution, the enrolment has grown steadily. In 1995, a total of 20,085 students enrolled in sub-degree and degree programmes in the OLIHK compared to 4,237 students in 1989. The high enrolment of the OLIHK gives an indication of the importance of distance education to Hong Kong's higher education.

Challenges Facing Higher Education in Hong Kong

During the last decade, higher education has been the subject of rapid and radical change. The Hong Kong Government has increased the number of higher education institutions, widening "open" access and enabling the introduction of new academic

disciplines. The prospects for higher education development look bright. The ratio of school-age population to working adults is falling as the dependency ratio drops from an average of around 0.56 in 1984 to 0.47 in 1994 (Census and Statistics Department 1995, p. 17 and p. 109).

In 1995, the total amount of spending on education, including funds for expanding and upgrading education institutions, amounted to HK\$33.7 billion, which constituted 18.0% of Government public expenditure and 4.4% of Hong Kong's Gross Domestic Product (GDP). The last decade has brought major changes to the higher education system in Hong Kong. Two polytechnics and one post-secondary college changed to university status. One new university and one opening learning institute was established. Two technical colleges were founded. Five colleges of education combined into one institute. As a result of the increase in tertiary institutions and post-secondary colleges, the number of places available in higher education was dramatically increased.

Predictions are difficult due to the large expense of education and the way in which a country's GDP grows or declines. At one extreme, it is possible that educational expenditure will remain unchanged in real terms as the economy grows; at the other extreme, educational expenditure may grow at the same pace as GDP. The outlook for educational expenditure depends more on future government policies in the education sector rather than on GDP growth. Current policy for Hong Kong's education is geared to the rapid expansion of higher education. The recurrent budget for 1994 stood at HK\$ 26,961 million, of which primary education comprised 22.4%,

secondary education 33.4%, higher education 36.5% and other expenditure 7.7%. Choices which hold back current development and reverse past gains, for example, education policies that substantially raise costs and seek further rapid expansion in higher education, would reduce the effective amount of resources available at lower levels in Hong Kong, because primary education would then suffer from incomplete coverage of courses, and also because of the large number of young immigrants from China for whom there would then be inadequate resources.

All University Grants Committee-funded institutions (including all universities, Lingnan College and Hong Kong Institute of Education) in Hong Kong are financed substantially by the Government. In 1995, about 80% of their costs were financed by the Government and 20% were covered by tuition fees (estimates of the University Grants Committee office). The increased financial base for tertiary institutions, whether it results from private sponsorship, public budget or from charging fees, is insecure because of the need to meet the Government's academic and enrolment requirements. With the increased number of higher institutions, this has meant that competition for financial resources and assistance among the institutions has become severe.

Together with increased economic, social and political links with China, Hong Kong has experienced many critical challenges due to events in China during the 1970s and 1980s. These challenges have changed economic development as well as the formulation of education policy in Hong Kong. The impact of Chinese economic reforms in 1976 has reshaped Hong Kong's industrial structure from a manufacturing

base to a service base, and has hastened its transformation into a world financial and service centre. The effect of the Tiananmen Square "Crackdown" in 1989 put much pressure on Hong Kong people, causing a crisis of confidence, and changed Hong Kong's policy for higher education. In the 1990s, direct competition and Chinese influence is very important to tertiary institutions and leaders in Hong Kong. This is because they put pressure on the tertiary institutions' programmes to match the vocational needs of Hong Kong and its economic linkage with China, and also to do so as efficiently as possible to gain market share.

The Integration Mechanism in the Education Systems in Hong Kong and China

China will resume sovereignty over Hong Kong on 1 July, 1997. Hong Kong will then become a Special Administrative Region (SAR) of China under the protection of the Basic Law. The integration of education systems between Hong Kong and China is guided officially by the Basic Law, Chapter VI: Education, Science, Culture, Sport, Religion, Labour and Social Services, Articles 136 and 137. These two Articles briefly state (One Country Two Systems Economic Research Institute 1995, p. 47):

Article 136: On the basis of the "previous" educational system, Hong Kong shall, on its own, formulate policies on the development and improvement of education, including policies regarding the educational system and its administration, the language of instruction, the allocation of funds, the examination system, the system of academic awards and the recognition of educational qualifications.

Article 137: Educational institutions of all kinds may retain their autonomy and enjoy academic freedom. They may continue to recruit staff and use teaching materials from outside the Hong Kong SAR. Schools run by religious organisations may continue to provide religious education, including courses in religion.

Articles 136 and 137 of the Basic Law promise that Hong Kong can enjoy the "existing" system of Western education and can determine relevant policy on its own. China has promised not to interfere in matters concerning Hong Kong with the exception of defence and foreign affairs. Hong Kong serves as an engine for China's development and acts as a bridge to the rest of the world. Hong Kong can export to China its valuable experience regarding a free economy, financial management, management skills, the rule of law, and the Western education system. Meanwhile, Hong Kong has almost reached the turning-point of 1997. The difference between Hong Kong and China is fundamental. China has a Communist education system while Hong Kong has a British Colonial education system. Hong Kong and China were forced apart by the Treaty of Nanjing in 1842 and will be joined together in 1997 by the Joint Declaration signed in 1984. The integration of the two education systems rests on those two simple Articles 136 and 137 of the Basic Law and on the integrity of China's Government in implementing it.

Table 4.5: An Outline Comparison of the Education System of China and Hong Kong

	China	Hong Kong
Total Student Enrolment (1995 figures)	345.9 million	1.29 million
Education System	Communist based system	British based system
Ideology Orientation	Based on the philosophy of Marxism-Leninism, and Maoism.	Based on British colonial and capitalist system and individualism.
Educational Goals	Education is to serve proletarian politics, to support the Chinese road to socialism and modernisation.	Education is to develop students to think independently, to equip them with knowledge and the skills required for economic, social and vocational needs.
Structure of Schooling	Predominantly 6 years (primary) + 6 years (secondary) + 4 (university).	6 years (primary) + 5 years (secondary) + 2 years (sixth form) + 3 years (university).
Span of Compulsory Education	9-year, partially implemented.	9-year, fully implemented.
Curriculum Control	Highly centralised.	Highly centralised.
Curriculum Uniformity and Arrangement	Highly standardised and lacks diversity.	Uniform syllabus and allows diversity.
Medium of Instruction	Official language "Putonghua" or other dialects.	Mainly in English (recent emphasis on mother tongue "Guangzhouhua" as instruction medium and "Putonghua" has already been introduced to the primary and secondary levels as an independent subject.)

Sources: Chapter Three, Table 3.1: Comparison of Academic Education Model and Revolutionary Education Model, pp. 77-78;
 Government Secretariat, 1995, A Guide to Education and Training in Hong Kong, (Hong Kong, Education and Manpower Branch, Government Secretariat), December 1994, p. 4;
 Howlett, B, (ed.), 1997, Hong Kong Annual Report 1996, (Hong Kong, Information Services Department), p. 395 and p. 462;
 Pennington, M C, 1994, Forces Shaping a Dual Code Society: An International Review of the Literature on Language Use and Language Attitudes in Hong Kong, (Hong Kong, City Polytechnic of Hong Kong), pp. 19-50;
 State Statistical Bureau, 1997, Statistical Yearbook of China 1996, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), p. 629 and p. 815; and
 Young, R, 1993, 'An Overview of the Future Development of Education in Hong Kong', Towards the 21st Century: Education for Development Hong Kong, (Hong Kong, Lingnan College), 6 May 1993, pp. 11-12.

Table 4.5 outlines the major differences between the education systems of Hong Kong and China, in terms of student numbers and education budget, education system, ideology orientation, educational goals, structure of schooling, ideological orientation, curricula and media of instruction. It goes without saying that the education systems and structures of Hong Kong and China have been cast in different ideological orientations and goals. In view of the irreversible change to Hong Kong's sovereignty, education institutions and leaders must accept this difference and anticipate its political effect on their institutions, in order to maintain the development of Hong Kong's higher education in the new environment.

Postiglione (1992, p. 4) identified that the "Basic Law Drafting Committee for education, is followed by an examination of the way that contextual social processes favour a particular orientation for educational change and social transformation. We consider education has the potential to harmonise capitalism, socialism, and patriotism within a "one country, two systems" arrangement." For the time being, there is lack of an integration mechanism for education systems between those of China and Hong Kong. While the argument between Britain and China on political arrangements for the transitional and post-1997 periods has continued, the differences between Hong Kong and China in the field of education have been obscured. This dilemma was increased when the last Hong Kong Governor, Christopher Patten, put forward proposals for constitutional change in Hong Kong which gained an immediate and negative Chinese response.

A mainland Chinese educator, Li (1992, pp. 255-257) expresses his view that Hong Kong's system and policies on education could be decided by Hong Kong people, as Hong Kong was a bridge between mainland China and the Western world. Nevertheless, political change in Hong Kong cannot be ignored. The change will pose the question of integration of two extremely different societies - Hong Kong and China becoming one entity under the "one country, two systems" policy. No matter how important a role Hong Kong plays in being an international financial centre in China or as a facilitator in the evolution of relations between Taiwan and China, what is unknown is whether the uncertainties of the transition to 1997 and the actual transfer of sovereignty over Hong Kong to China will change the factors which helped Hong Kong to be so successful in the past. A local English newspaper reporter, Ng (1990, p. 6) states his concern that "Hong Kong's increasing affluence makes the demand for higher standards inevitable...Unless China develops phenomenally in the next six or seven years, this disparity of standards will continue to exist and this disparity will result in an erosion of standards in Hong Kong."

Chapter Five

University Distance Education in Hong Kong/China

From an International Perspective

Overview

The purpose of this chapter is to describe the development of university distance education in Hong Kong/China from an international perspective. This type of education has developed rapidly worldwide since the establishment of the Open University (UK) in 1969. University distance education is growing in popularity through international co-operation, particularly due to the formation of international organisations such as the Commonwealth of Learning. Furthermore, with the development of telecommunications, university distance education is now a more technologically advanced teaching method.

Hong Kong is one of the most important university distance education markets in Asia. In 1994-1995, 132 internationally franchised university distance education programmes were launched which attracted over 17,000 students. In addition, the Open Learning Institute of Hong Kong had over 20,000 enrolments for its distance education programmes in 1995. A regulation which had a significant impact on the development of internationally franchised university distance education in Hong Kong was issued on 18 July, 1996. This was implemented on 1 June, 1998. International collaboration in university distance education has developed in different forms and patterns during the transition period.

The Concept of Distance Education

Distance education has grown rapidly in recent years. But defining distance education with its seemingly endless variety of programmes is not easy. In general, distance education is used as a generic term which comprises all patterns of student-centred learning processes in which the teacher has only a limited role.

Moore's definition (1973, p. 664) of distance education is "as the family of instructional methods in which the teaching behaviours are executed apart from the learning behaviours, including those that in a contiguous situation would be performed in the learner's presence, so that communication between the teacher and the learner must be facilitated by print, electronic, mechanical or other devices." This definition lists three elements inside distance education: the separation of teaching and learning behaviours; the use of technical media; and the possibility of two-way communication.

A short definition of distance education can be "any formal approach to learning in which a majority of the instruction occurs while educator and learner are at a distance from one another." (Verduin and Clark 1991, p. 8). This definition is comparable to the central element of a definition described by Holmberg (1995, pp.2-3), "the term of distance education covers the various forms of study, at all levels, which are not under the continuous, immediate supervision of tutors present with their student in lecture rooms, or on the same premises but which, nevertheless, benefit from the planning, guidance and teaching of a supporting organisation." Holmberg's description

encompasses two essential elements of distance education: the separation of teacher and learner; and support from an educational institution. The main characteristic of distance study is that it is based on non-contiguous communication - the learner is at a distance from the teacher for most or even all the time during the teaching-learning process. Distance education, characterised by Keegan (1996, p. 44), is: a semi-permanent separation of teachers and learner; influenced by the organisation in both the teaching material and the support of the students; using technical media; a two-way process; and a semi-permanent absence of a learning group.

Development of University Distance Education - An International Perspective

The introduction of the Open University (UK) in 1969 marked an essential development in university distance education. Its establishment gave distance education a new legitimacy and development (Curran 1995, pp. 20-21). Holmberg (1986, p. 36) interpreted its establishment as “a radical innovation introducing new study methods, a new degree structure based on credit points, a new type of organisation, new categories of academic staff and new tasks for professors and lecturers. Students can be enrolled without any formal entrance qualification.” Perry (1976, p. 1), the first Vice-Chancellor of the Open University (UK), stated that the

concept of the Open University evolved from three major educational trends. The first concerned the development of the provision of adult education; the second, the growth of educational broadcasting; and the third the promotion of the spread of egalitarianism in education. In fact, the establishment of this new academic institution gave birth to open universities, with the objectives of widening participation and extending access to higher education, in various parts of the world.

Paul (1993, pp. 115-116) said that open university should provide “open admission to adult students and through flexible policies and a variety of delivery mechanisms, notably distance education, provide access to and success in university education to those previously denied such opportunity.” During the period between 1970 and 1980, university distance education made dramatic progress in Western Europe, North America, Asia and Australia. For example, in Western Europe, many open universities were established. Distancia (Spain) was founded in 1972; Fern Universität (Germany) was set up in 1974, and the Open Universiteit (Netherlands) was established in 1981. Overtime enrolments into European open universities increased substantially. By 1993, about 130,000 students were enrolled in the Open University (UK), 127,000 students in Distancia, 60,000 students in Open Universiteit, and 53,000 students in Fern Universitat (Curran 1996, pp. 9-21).

Following economic and social development, many larger open universities also appeared in Asian countries. For example, the National Open University (South Korea) was set up in 1972 and had attained an enrolment of 200,000 students by 1995; Univeresita Terbuka (Indonesia) was established in 1982 and attracted more than

353,000 students by 1995; and the Open Learning Institute of Hong Kong was founded in 1989 and had about 20,000 students by 1995 (Keegan 1996, p. 4).

Distance education in China is composed of two main strands: correspondence education and Radio and Television Universities (RTVUs). Correspondence education began in 1951 with the establishment of the Correspondence Education Department in the People's University. It offered 10 junior college level specialties in finance and economics, and achieved an initial enrolment of 2,700 students in 1953. The first TV-based programme was launched in 1955 with the establishment of RTVUs in Beijing and Tianjing. All distance education programmes were closed down during the Proletarian Cultural Revolution (1967-1977) but re-opened in the late 1970s. In fact, distance education plays an important role in the Chinese higher education system by providing a large number of people with access to higher education. The objective of Chinese distance education is to provide educational opportunities for people to improve the quality of their lives and work, especially those in remote areas. Correspondence education institutions and RTVUs are under the administration of the State Education Commission of China and they form a very large education system which provides correspondence and distance education to Chinese students. By 1995, correspondence education and RTVUs had attracted 1,338,000 and 541,000 students respectively (Keegan 1994, pp. 7-8).

Basically, the objective of the Open University (UK) is "to provide opportunities, at both undergraduate and postgraduate level, of higher education to all those who, for any reason, have been or are being precluded from achieving their aims through an

existing institution of higher education.”(Report of the Planning Committee 1969, p. 5). Like the Open University (UK), the objective of the Open Learning Institute of Hong Kong is to provide “sub-degree, degree and postgraduate courses leading to awards and qualifications principally through a system of open access and distance education; thereby making higher education available to all those aspiring to it regardless of previous qualification, gender, or race.”(Chow 1995, p. 12).

The open university concept has grown enormously worldwide over the last two decades, particularly in education and training at higher levels. Distance education is playing an increasing role in adult education in many developing countries, for example, China. The reason for this is that the adult students can continue their studies with a flexible mode of distance study (Smith 1986, pp. 7-8). Since the establishment of the Open University (UK) in 1969, the number of open universities has increased steadily. An estimation made by Robinson (1995, p. 15) is that there were over 26 open universities in the world in 1995. Among these, 12 open universities were in Asia, five of which had been set up during the period 1989 and 1990. Using distance learning methods, higher education has extended from developed countries into developing countries, from Europe into Asia. The adoption of university distance education as a further educational opportunity for the adult student is probably the best way to meet the economic and social development targets set by in most Asian developing countries, in addition to providing conventional university education (Nair 1995, p. 10).

Organisation Models of University Distance Education

Education not only has a social and moral function but is also an economic necessity. University distance education is viewed as an alternative way to upgrade the quality of education in a country, particularly for working adults. Conventional universities are expensive institutions to create and maintain, and as the demand for higher education increases, there is a need to provide alternative routes to meet this demand. It is at this university-level education that many countries have introduced open universities to provide higher education for those who want to have further study opportunities. While the Open University (UK) has set a precedent, there are other types of open learning establishments which have developed in the last two decades. The character and form of each country's open university differs as distance education has evolved separately in different countries. Holmberg (1995, pp. 141-145) classified four prototypes of organisations offering university distance education. These included: single-mode university; dual-mode university; specialised service organisation; and networking.

The Open University (UK) is the classic example of the single-mode university. It has been a model for the birth of similar single-mode universities in Europe, America, and Asia. They are independent academic institutions with formal structures. They establish the curricula, create the distance education course and material for the students, operate supporting services for students, conduct monitoring and assessment of student performance, and award qualifications. The Open Learning Institute of Hong Kong is another single-model organisation for university distance education.

Academic staff teach, develop and prepare curricula. Non-academic staff administer the course, and provide support to the programmes and examinations. Both the British Open University and the Open Learning Institute of Hong Kong have their own printing and media material development operations. The mode of teaching is often termed multi-media, using a variety of telecommunication methods (radio and television) to support the distance education.

Dual-mode distance education organisations exist in many countries like Australia, Canada and China. An extension department of some universities provides distance education for adult students, for example the School of Professional and Continuing Education (SPACE) of the University of Hong Kong. In line with the full-time programmes run by the University of Hong Kong, SPACE was founded in 1956, to offer professional and continuing education by means of face-to-face and distance teaching. This is a conventional institution in Hong Kong which offers distance education programmes (conventional and distance education). The educational levels provided for the distance education programmes include certificate and diploma levels, along with first degree and post-graduate degrees in collaboration with non-local universities including Australia, Canada, the UK and China. The distance learning material and media are produced by academic staff in Hong Kong and overseas (Kato and Wong 1991, pp. 189-199).

A typical example of a specialised service organisation is the traditional correspondence school. Correspondence schools and colleges, described by Keegan (1993, p. 66), are “autonomous distance teaching institutions. They control or have

authority over staffing, finance, accreditation, development of materials, and students' services, even when they are part of a state-wide or national-wide system.”

A networking body is an organisation formed to co-ordinate and supplement distance courses run by other distance education organisations. For example the Open University's distance education programmes in British Columbia were launched in 1990. Through arrangements between the Open University and other British Columbian institutions (either colleges or institutes), a number of distance education programmes have been developed. The approved colleges or institutes in British Columbia representing the Open University can launch the programmes for students (Layton 1993, p. 46).

Technological Challenge Facing University Distance Education

Computers allow people to study or work at home. Computer technology links sites and makes distances appear shorter. New telecommunication technology allows the movement of information, graphics, images, and audio/video across the world at lightning speed. In the last two decades, the use of telecommunication-based and information technology has grown tremendously in distance education (Madden 1982, p. 268). Concerning distance education technology, there are two critical areas: media

(including text, audio, television, and computing); and telecommunication technology (including printing, computers, cassettes and radio, telephone, television, satellite, and CD-ROM). The potential for technological advances in support of distance teaching and learning seems limitless. Each generation of telecommunication technology opens up more opportunity and change to the medium and delivery of distance materials. Lauzon and Moore (1989, pp. 36-40) identified telecommunication technology in distance education into “four generations” as shown in Table 5.1.

Table 5.1: Fourth Generation Distance Education System

Generation	First	Second	Third	Fourth
Medium	Correspondence	Teleconferencing	Computer-Based	Computer-Based
Message Commercial Channel	Print Visual	Audio Auditory	Video Audio-Visual Auditory	Video Audio-Visual Auditory
Delivery System	Mail	Communication Network	Computer Terminal	Computer Terminal Communication Network
Method of Instruction	Individual	Group	Individual	Individual/Group

Source: Lauzon, A C, and Moore, G A B, 1989, ‘A Fourth Generation Distance Education System: Integrating Computer-Assisted Learning and Computer Conferencing’, *The American Journal of Distance Education*, 3:1, 1989, pp. 38-49.

As telecommunication links can transfer data quickly and handle multiple communications interactive multi-parties have become viable in the fourth generation. Audiences and communication networks have tended to be computer-based. At the same time, the telecommunication technology can be made interactive and allow

distance learners to interact with instructors and other students as if they were actually sitting in the classroom. In the fourth generation of telecommunication technology, delivery systems of distance education can be handled easily by computer networks and methods of instruction can be held between individuals and groups. Teleconferencing and videoconferencing have become common ways of offering tutorial support.

Computer and Internet communication has emerged as a popular method to support university distance education because it is a low-cost operation and its audiences find it easy to access. A good example in Hong Kong, On-Line Education (an agent of the University of Paisley, UK) which conducts its distance Master degree programme through the Internet. All tutoring work and assignment submissions are transmitted between tutors and students via e-mail. The course material is stored on software disc. The Internet even allows Hong Kong students access to the university library. Bates (1993, p. 213) summarises the reasons for the increasing importance of telecommunication technology in distance education as follows:

- a) A much wider range of technology is becoming more accessible to potential distance students;
- b) The costs of technological delivery are dropping dramatically; and
- c) The technology is becoming more powerful pedagogically.

University distance education institutions will find it increasingly difficult to resist the economic and social pressures of technological advancement. The use of interactive communication technologies within distance education is bringing a change of focus from hardware issues (such as curricula and writing course materials) to software issues (such as techniques of communication and technologies of delivery of teaching and learning materials). The coupling of personal computers and telecommunications services to bring about the universal use of data communications (for example, on-line library access, e-mail, bulletin board services within a course context, computer video-conferences, and Internet-tutoring) have the potential to change the way that distance education is delivered now and in the future.

International Collaboration in University Distance Education

International co-operation and collaboration in higher education has always involved the exchange of staff, students and professors. Neil (1981, pp. 142-144) lists the reasons for inter-institutional collaboration as: to make better use of resources that are available within one or more communities; to improve the quality of learning materials; to respond to political pressures of various kinds; and to initiate changes of various kinds in particular societies. The major agency of international collaboration in distance education is the Commonwealth of Learning, founded by the

Commonwealth Heads of Government in 1988. The main activities of the Commonwealth of Learning are (Commonwealth Secretariat 1991, p. 4):

- a) Strengthening national capacity in distance education through staff training, improved communications, a better awareness of existing distance education programmes, and collaboration in evaluation and research;
- b) Sharing of existing distance education materials and developing of new materials, possibly for use in several countries; and
- c) Helping distance teaching institutions to provide better services to students by facilitating the transfer of credit and improving the study support system.

The Commonwealth of Learning provides opportunities for distance education institutions via co-operation, exchange, joint development of distance materials, programmes, and research projects and credit transfer in distance education programmes among the member countries. Remarkably, collaboration in university distance education has become more complicated and diverse. Woodley et al. (1993, p. 1) illustrates three models of international collaboration in university distance education:

- a) Courses that have been produced in one country are sold to other countries who assumes responsibility for teaching, assessing and accrediting these;
- b) Two or more countries share their skills and the large investment costs by jointly developing a distance education course; and
- c) Students in another country are taught, assessed and accredited there by the course-originating country.

The jointly-run MBA programme between the Open Learning Institute of Hong Kong (local institution) and the Open University (UK) (non-local institution) is a typical example of international collaboration in university distance education. This programme was first offered to Hong Kong's distance students by the Open Learning Institute of Hong Kong in early 1996. The initial intake attracted more than 600 students. The MBA distance materials of the Open University (UK) are sold to the Open Learning Institute of Hong Kong for use in Hong Kong's MBA distance courses. The Open Learning Institute of Hong Kong is fully responsible for marketing, tutoring, examination, and the award of qualifications (Table 5.2).

Table 5.2: International Collaboration in University Distance Education

	Master of Business Administration (MBA)	Marketing/ Operating*	Course Materials	Teaching/ Tutoring	Examination	Award of Qualification
Local Operator	The Open Learning Institute of Hong Kong	●		●	●	MBA Degree
Non-Local Institution	The Open University (UK)		●			

Source: School of Business Administration, 1996, *MBA Programme Brochure*, (Hong Kong, School of Business Administration, The Open Learning Institute of Hong Kong), pp. 1-3.

Note: (*) Includes student enrolment, programme fee, and administration.

Another popular type of co-operative arrangement in university distance education is collaboration between a local operator (an agent) and a non-local institution (overseas university). The programmes of Master of Management (Table 5.3) and Master of Science (Table 5.4) are the most popular degree for this form of collaboration in Hong

Kong. The local operator is fully responsible for marketing and operating activities in Hong Kong, while the non-local institution is responsible for the provision of course materials, teaching/tutoring, examination, and the award of qualifications. The advantage of this is that both partners can share their skills and the expensive investment costs by jointly running the distance education course.

Table 5.3: International Collaboration in University Distance Education

	Master of Management	Marketing/ Operating*	Course Materials	Teaching/ Tutoring**	Examination	Award of Qualification
Local Operator	Hong Kong Management Association	●				
Non-Local Institution	Macquarie University (Australia)		●	●	●	Master Degree

Source: Hong Kong Management Association 1997, Macquarie Master of Management, (Hong Kong, Hong Kong Management Association), pp. 1-4

Note: (*) Includes student enrolment, programme fee, and administration.

(**) Teaching/tutoring is conducted in Hong Kong by the academic staff of Macquarie University.

Table 5.4: International Collaboration in University Distance Education

	Master of Science Degree (Marketing/Human Resources)	Marketing/ Operating*	Course Materials	Teaching/ Tutoring**	Examination	Award of Qualification
Local Operator	Asia Pacific Management Institute	●				
Non-Local Institution	National University of Ireland (UK)		●	●	●	Master Degree

Source: Asia Pacific Management Institute 1997, Master Degree Programme Brochure, (Hong Kong, Asia Pacific Management Institute), pp. 1-6.

Note: (*) Includes student enrolment, programme fee, and administration.

(**) Teaching/tutoring is conducted in Hong Kong by the academic staff of National University of Ireland.

One interesting example of co-operation in university distance education is the programme for the BSc (Hons) Degree in Computing and Information Systems. This involves three partners: a local operator (Hong Kong Management Association), a non-local partner (National Computing Centre, UK), and a non-local institution (London Guildhall University, UK). The programme is divided into two levels (Diploma and Degree courses) for distance students. The local operator is responsible for marketing/operating, and teaching/tutoring in Hong Kong, while the non-local partner and non-local institution are responsible for the provision of course materials, examination, and award of qualifications. The student is able to study at Diploma level and then move to Degree level. All study courses provided by the National Computing Centre at the Diploma level are accredited and accepted as an entrance qualification by the London Guildhall University in the Degree programme (Table 5.5).

Table 5.5: International Collaboration in University Distance Education

	BSc (Hons) Degree in Computing and Information Systems	Marketing/ Operating*	Course Materials	Teaching/ Tutoring	Examination	Award of Qualification
Local Operator	Hong Kong Management Association	●		●		
Non-Local Partner	National Computing Centre (UK)		●		●	Diploma
Non-Local Institution	London Guildhall University (UK)		●		●	Bachelor Degree

Source: Hong Kong Management Association 1997, BSc (Hons) Degree Programme Brochure, (Hong Kong, Hong Kong Management Association), pp. 1-4.

Note: (*) Includes student enrolment, programme fee, and administration.

The Future of Internationally Franchised University Distance Education in Hong Kong

Daniel (1993, pp. 60-61) concluded that “distance education has already created two waves of success in the second half of this century. In the 1960s and 1970s, modern media technologies were blended with older correspondence techniques to create open universities in industrial countries. In the 1970s and 1980s, the developing and industrialising countries of Asia took the open university concept and applied it on a huge scale.” Over the last two decades the Hong Kong economy has been transformed from a mainly manufacturing industry to a services provider, and from an enclave economy to a metropolitan economy closely linked to South China. Hong Kong’s economic transformation has increased the demand for higher education overall, as well as for university distance education.

In Hong Kong over the last decade the number of university distance education programmes has proliferated. It is one of the major international franchised university distance education centres in Asia. By 1995, over 132 non-local university distance education programmes had been introduced into Hong Kong. However, a major policy governing non-local institutions and their programmes has altered the operational and market situation. The Non-Local Higher and Professional Education (Regulation) Ordinance was issued on 18 July, 1996, and it regulates all non-local institutions and programmes offered to Hong Kong students. The immediate impact of the Regulation was that it provided legislation to regulate the quality, operation, and marketing of courses conducted in Hong Kong by non-local institutions (Non-Local Courses Registry 1997, p. 1). The objectives of the Regulation are:

- (a) To protect Hong Kong consumers (distance students) by guarding against the marketing of substandard non-local courses conducted in Hong Kong, and
- (b) To enhance Hong Kong's reputation as a community which values reliable and internationally recognised academic and professional standards.

Under the Regulation, all non-local university distance education conducted in Hong Kong (including the programmes of diploma, degree, postgraduate and professional qualifications) must apply for registration by 1 June, 1998 whether or not the course has launched in Hong Kong at that date. The major criterion for the registration of a non-local university education programme is that the non-local institution must be a recognised institution and that the course being offered in Hong Kong must be of the same level as that in the home country. Exceptions for registration are only given to those non-local distance education programmes that are conducted in collaboration with local institutions of higher education or conducted as "purely correspondence course" (Non-Local Courses Registry 1997, pp. 2-4).

An important impact is the additional expense created. There are two major costs due to the Regulation. The first is the registration cost. The cost of a programme registration is about HK\$33,200 for degree qualifications or HK\$16,600 for professional qualifications. Annual re-registration has been proposed as HK\$18,200 for degree qualifications and HK\$2,300 for professional qualifications (Non-Local Courses Registry 1997, p. 7). Secondly there is the operating cost. All non-local institutions and their operators/agents must comply with the requirement for safe premises in the Regulation. The operator must provide details of premises from which

the courses will be conducted and must gain the approval of the Registrar three months before the course starts. All premises used for conducting courses must comply with fire, building safety, approved planning and land use (educational purpose) requirements (Non-Local Courses Registry 1997, p. 5). However, most commercial buildings now used for conducting distance education programmes do not comply with all the requirements. One possible solution might be to change the place for conducting courses to hotels which have an exempted cause for educational use, but the operational costs would then increase tremendously.

The most significant impact of the Registration is the unfair treatment that it metes out to non-local institutions. Since the non-local distance education programmes co-operating with local higher institutions are exempted from registration, they do not need to follow any of the requirements of the Regulation. This results in unequal competition between local institutions and non-local institutions. Most of current distance education agents/operators and non-local institutions have to face the challenge of the Regulation. It is likely that many non-local institutions will seek collaboration with local higher institutions as the independent agent/operator will find it much more difficult to survive in the future.

Chapter Six

Methodology

Overview

The purpose of this chapter is to outline the procedures and methodology used in this study. It is divided into five sections and discusses the procedures utilised to conduct the study.

Design of the Study, including Research Questions of the Study, Prior Considerations and Limitations, and Subjects, are discussed in section one. Section two describes the instrumentation employed and section three describes a pilot test used in the questionnaire survey. The data collection techniques and the procedures utilised for analysis are outlined in sections four and five respectively.

Design of the Study

This study explores historically and empirically the development of university distance education and higher education in two different social systems - Hong Kong's capitalist society and China's communist society - within one country's context. Diagrammatically, an overall framework of this study is illustrated in Figure 6.1.

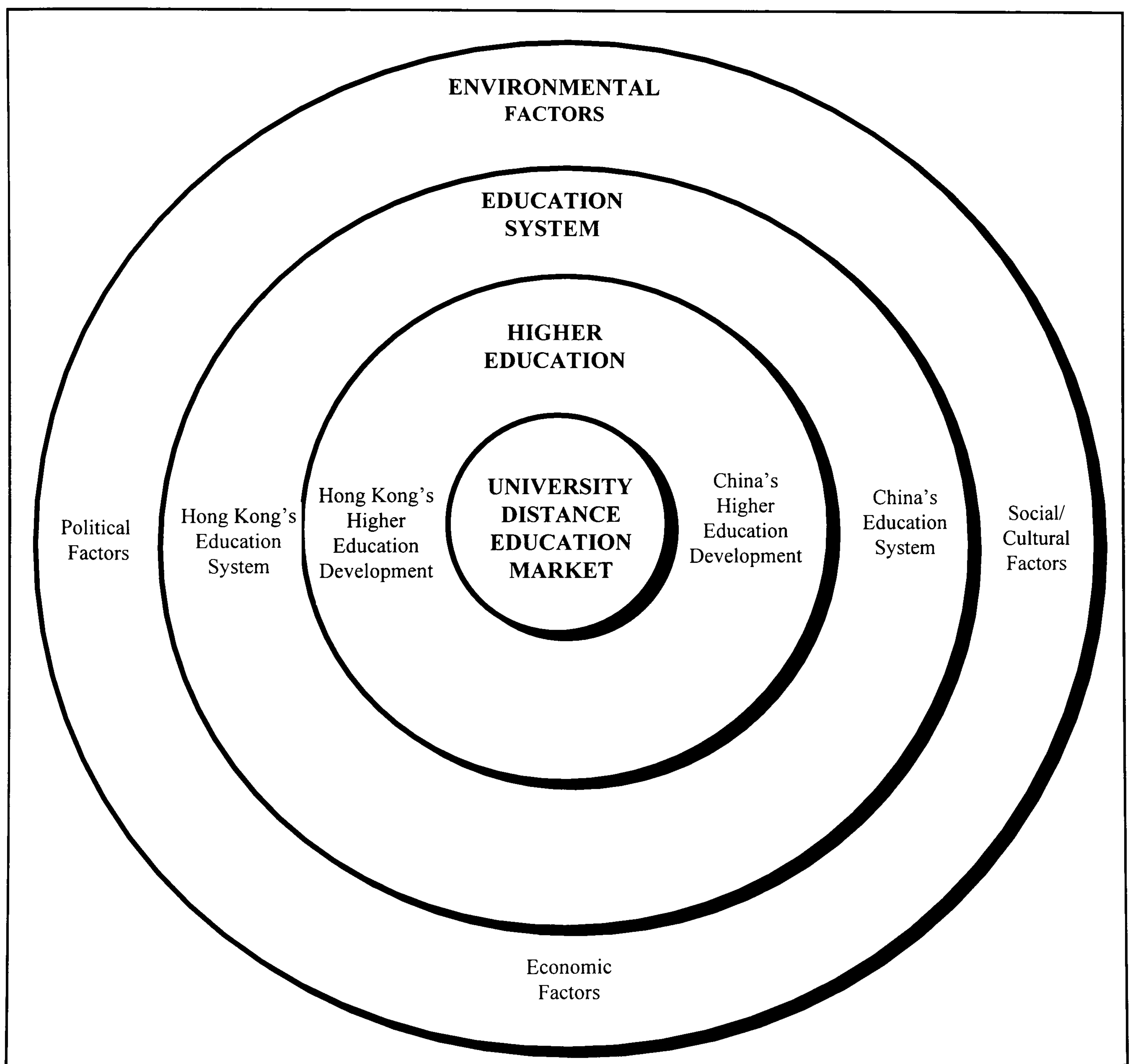


Figure 6.1: An Overall Framework: University Distance Education Market

Within this framework, the outer zone contains environmental factors. The second and third inner zones are the education and higher education systems of China and Hong Kong. The central zone is the main concept of in this study, the market for university distance education.

The design of the study, which the investigator based on this framework, has two parts. First, the investigator has used an extensive amount of secondary data from government and administrative sources to analyse university distance education and higher education in Hong Kong's and China's environment. Second, the investigator has constructed an evaluative instrument, a questionnaire survey, to measure the needs of current and potential distance students in Hong Kong.

Being the first study of Hong Kong's university distance education market in the transition period, a significant part of the research effort has been devoted to understanding the environments of Hong Kong and China. An extensive literature review, using secondary data analysis from Hong Kong and China, has been used to study this situation carefully. Steward and Kamins (1993 p. 5) stress that secondary data sources "can provide a useful starting point for additional research by suggesting problem formulation, research hypotheses and research method." Black and Champion (1976, p. 419) also say that secondary data analysis brings the advantage of using the work of others to broaden the base from which scientific generalisation can be made. The idea expressed in these descriptions explains the value of secondary data sources to broaden the scope of analysis. In addition, obtaining secondary data is

always less expensive than acquiring primary data. The greatest advantage of using secondary data in this study is that it is cost-effective and time-efficient.

However, there are some disadvantages to using secondary data sources, for example, validity, bias and misinterpretation. The validity is one major problem of using secondary data. This is because the purpose of the data's format or measurement in the secondary data sources may not be appropriate for the current study. Data conversion may be necessary to make these fit the current purpose. Zikmund (1994, p. 117) characterises this as "a process of changing the original form of the data to a format suitable to achieve the research objective." In addition to the problem of validity, secondary data collected might be so extensive, that the results could lead to different conclusions. As observed by Reichmann (1962, p. 12), "some secondary sources analyses do, however, actually misinterpret and emphasise quite erroneous conclusions, thus helping to bring statistics into unjustified disrepute." The result of secondary data analysis may produce unintentional bias and misinterpretation. In order to verify the accuracy of the data used in this study, the secondary data will be compared from one source with other source. When the secondary data are not consistent, the investigator will attempt to identify reasons for the differences or to examine which data are most likely to be correct for use in this study.

Specifically, the literature review of the relevant framework has been used in Chapters Two, Three, Four and Five of this study. The first three chapters have been designed to study the framework concerning the environmental changes and university distance education market between Hong Kong and China. Chapter Five

concerns university distance education in Hong Kong/China from an international perspective. Chapter Six describes the methodology used in this study. There are basically five Research Questions which derive from the major research question in this study. Research Questions One to Four will be answered by the questionnaire data findings of Chapters Seven and Eight, while Research Question Five will be discussed in Chapter Nine. Chapter Ten consists of a summary, conclusions and recommendations for answering the research problems delineated at the beginning of the study (Chapter One).

The essential quantitative method used in this study is a questionnaire survey, processed and analysed using SPSS, that attempts to examine university distance education students, programmes and markets. It consists of two chapters, Chapters Seven and Eight. Rossman and Marshall (1995, p. 96) explain that, "survey research is the appropriate mode of enquiry for making inferences about a large group of people from data drawn from a relatively small number of individuals from the group." The major advantage of the questionnaire survey, as Tuckman (1994, p. 226) asserts, is that the number of respondents can be reached extensively, for example, by sending numerous questionnaires by mail, or by telephone, but the corresponding disadvantage is a poor response rate. Two main measures have been used to improve the response rate in this study. For the first, the questionnaire was carried by hand to the respondents in their day schools (including OLIHK BBA, Curtin BCom, and Curtin MAcc programmes) by the investigator. The second used an incentive promotion to encourage a quick response (Hong Kong adults).

Research Questions of the Study

The major research question in this study has been stated in Chapter One as follows:

How will Hong Kong's university distance education market change as a result of Hong Kong's transition from a British colony to a Special Administrative Region of China?

The major research question will be tackled by considering the following five questions. All research questions will be answered by the findings described in Chapters Seven and Eight except Research Question Five which will be discussed in Chapter Nine.

Question One: Will there still be a potential market for university distance education programmes in Hong Kong during the transition period?

Question Two: What kind of university distance education programmes will be necessary for Hong Kong's workforce during the transition period?

Question Three: Will Hong Kong's higher education system remain unchanged after Hong Kong becomes a Special Administrative Region of China in 1997?

Question Four: Will China be a potential education market for Hong Kong's university distance education programmes?

Question Five: What is the impact of the transition on the development of the higher education system in Hong Kong?

Prior Considerations and Limitations

In this study, prior consideration has been given to two key areas: managing time and resources, and identifying the subjects.

Conducting research takes time. It also involves a considerable amount of resources, particularly in data collection and analysis. The higher the accuracy of the research findings required, the more time and costs will be consumed. In the design stage of this study, the balance between time, resources and accuracy has been carefully managed in order to assure good progress during the study.

After establishing research problems in the first stage, the next important step is identification of subject-groups. The subjects in this study are: distance learners in Hong Kong, who are engaged in studying or are interested in studying through distance education programmes in Hong Kong. The selection of the subjects has been based on three criteria: the relevance of the research, the accessibility of the subjects, and the availability of the subjects.

The research study stresses the market change for distance education in the transition period. Therefore, this investigation is not limited to the explanation of the teaching method of distance education programmes or the improvement of teaching quality of local or non-local distance education programmes.

Subjects

The subjects of this study are distance learners in Hong Kong. Consistent with this requirement, the subjects are identified as those who are studying distance education programmes, and those who are interested in studying distance education programmes in Hong Kong. Based on the requirements of subjects and prior considerations, two main kinds of survey population were identified as subjects to be selected for this study.

The first kind of survey population were the distance learners who have studied through distance education programmes in Hong Kong. These subjects included those studying the MBA programme offered by the Henley Management College/Brunel University (Henley), the Bachelor of Commerce and Master of Accounting programmes offered by the Curtin University of Technology (Australia), and the Bachelor of Business Administration and MBA programmes offered by the Open Learning Institute of Hong Kong (OLIHK). The rationale for the selection of UK and Australian distance education programmes was that these two countries have the largest enrolments and numbers of university distance education programmes in Hong Kong (Table 4.4: Internationally Franchised University Distance Education Programmes and Estimated Enrolments in Hong Kong, 1994-1995, Chapter Four, p. 112). Having extensively contacted many non-local distance education institutions or their local agents in Hong Kong, the Curtin University of Technology, and the Henley Management College/Brunel University agreed to provide their student lists for this survey. The sample selection of the OLIHK was obviously necessary to this

study. In addition to it having the largest enrolment (20,085 students in 1995), the OLIHK is the only local tertiary institution offering university distance education programmes in Hong Kong.

The second kind of survey population are Hong Kong adults who are interested in studying through distance education programmes. The survey population was gathered from the visitors' list of the Hong Kong Education Expo 1996. This Expo was organised by the Hong Kong Trade Development Council and held from 2 February to 11 February, 1996, at the Hong Kong Exhibition and Conference Centre. An estimated 150,000 visitors attended this three-day exhibition. About 1,000 names of visitors were recorded and classified as potential students who wished to study through distance education programmes in Hong Kong.

Consequently, a total of six subjects preferred by Hong Kong distance learners (including potential students of distance education programmes) were finally identified and selected. These are regarded as being the most representative sample of the survey population in this investigation. These subjects include students for two Bachelor degrees, three Master degrees and Hong Kong adults. The details of the six subjects are listed as follows:

- a) Bachelor of Business Administration (BBA) students of the OLIHK;
- b) MBA students of the OLIHK;
- c) Bachelor of Commerce (BCom) students of the Curtin University of Technology;
- d) Master of Accounting (MAcc) students of the Curtin University of Technology;
- e) MBA students of the Henley Management College/Brunel University; and
- f) Hong Kong adults who are interested in studying distance education programmes.

Use of Instrument

The instrument for this investigation is a questionnaire survey. Cohen and Mansion (1994, p. 96) state that "Clarity of wording and simplicity of design are essential in a questionnaire survey." The questionnaire used in this investigation has been designed in accordance with Cohen and Mansion's statement.

A questionnaire accompanied by a covering letter and three sections was constructed by the investigator to obtain the data necessary to complete this study. The purpose of the covering letter was to explain the aim of the survey to the respondents, to assure them of confidentiality, and to encourage their replies. The questionnaire was composed of three sections: Section 1: Personal Data; Section 2: Evaluation of a Distance Education Programme; and Section 3: Intention to Undertake Further Study. The respondents were required simply to tick "one choice" in the questions. To encourage a good response rate from the category of Hong Kong adults, an incentive promotion of 15 attractive "Environmental Wrist Watches" were offered as free gifts to early respondents. A reply slip for this promotion was attached at the end of the Hong Kong Adult questionnaire.

The crucial aspects in constructing an instrument were establishing its validity and reliability (Patton, 1990, p. 23; Cohen and Mansion, 1994, pp. 99-100). A draft of the instrument was designed carefully by the investigator after an extensive review of research problems and questions. The draft of the questionnaire was then sent to the University of Warwick for Professor Chris Duke's approval for use in a pilot test.

Pilot Test

Tuckman (1994, p. 235) says that "a pilot test, which uses a group of respondents who are part of the intended test population but will not be part of the sample, attempts to determine whether questionnaire items possess the desired qualities of measurement and discriminability." A pilot test was performed on 18 April, 1996, in which the questionnaire was evaluated by testing it on a group of distance students. Ten students who were studying degree programmes at the Open Learning Institute of Hong Kong were randomly recruited to test the questionnaire. Before the pilot test started, each selected student was briefed on the aim of the pilot test by the investigator. The students then spent about 30 minutes to complete the questionnaire by filling in its three sections: Section 1: Personal Data; Section 2: Evaluation of a Distance Education Programme; and Section 3: Intention to Undertake Further Study. After all selected students in the pilot test had finished filling in the questionnaire, they were asked to comment on it.

According to the results of this pilot test, a revised questionnaire was drawn up and sent to the University of Warwick for Professor Chris Duke's confirmation of its accuracy and suitability for the investigation. A similar instrument was sent to Dr. Terry Hyland for his information. The student samples who were in the pilot test were not included in the actual questionnaire survey.

The instrument of this study consists of 31 questions divided into three sections: Section 1: Personal Data (Questions 1-8); Section 2: Evaluation of a Distance

Education Programme (Questions 1-15); and Section 3: Intention to Undertake Further Study (Questions 1-8). The instrument was used in the questionnaire survey sent to the following five subjects (Appendices A-E):

- a) BBA students of the Open Learning Institute of Hong Kong;
- b) MBA students of the Open Learning Institute of Hong Kong;
- c) BCom students of the Curtin University of Technology;
- d) MAcc students of the Curtin University of Technology; and
- e) MBA students of the Henley Management College/Brunel University.

Since the subjects of Hong Kong adults were not studying any distance education programme, two questions (Questions 3 and 4) in Section 2 (on course fee and length of time of the current study programmes); and three questions (Questions 13, 14 and 15) in Section 2 (on the evaluation of the applicability of the current distance education programme to China) were not applicable to them and were therefore deleted from the questionnaire which was sent to them. In addition, one question (Question 1) in Section 3 on the respondent's decision to undertake further study was not appropriate to Hong Kong adults (their replies in Section 3 had already indicated their intention of further study) and was also deleted for this group. A modified Section 2 and Section 3 of the instrument was prepared for these subjects. The revised version for Hong Kong adults is composed of Section 1: Personal Data (Questions 1-8); Section 2: Evaluation of a Distance Education Programme (Questions 1-10); and Section 3: Intention to Undertake Further Study (Questions 1-7) (Appendix F).

Procedure for the Collection of Data

The finalised instrument for this study was sent to all the selected subjects. A covering letter to each subject was attached to the questionnaires (Appendices A to F). A total number of 2,630 questionnaires was sent out to respondents during the period from May to September 1996, and 1,027 were returned. The questionnaire collection finished at the end of October, 1996. After careful review of all the returned questionnaires, 32 questionnaires were identified as being "invalid" and were excluded from this survey. After the elimination of these "invalid" questionnaires, a total of 995 valid questionnaires had been received, a response rate of 37.8%.

This response rate can be considered very good. There were two distribution methods to deliver the instrument to the respondents. The first was by hand, all instruments being given by the investigator to the respondents in the tutorial school. The second method was by post, all instruments being posted to the respondents with a stamped addressed return envelope. The 59.8% response rate for those delivered by hand was higher than the 32.9% rate for those sent by post. To maximise the response rate of Hong Kong adults, a "free gift" promotion was launched for those respondents whose questionnaires were received first. Thanks to this, the response rate of Hong Kong adults was 32.7%. The details of the returned questionnaires and the response rates are given in Table 6.1.

Table 6.1: The Response Rate of the Questionnaire Survey from the Six Subjects

Subject	OLIHK BBA	Curtin BCom	Curtin Macc	OLIHK MBA	Henley MBA	Hong Kong Adults	Total
Distribution Method*	by hand	by hand	by hand	by mail	by mail	by mail	
Month	May 1996	Sept. 1996	Aug. 1996	Aug. 1996	July 1996	Aug. 1996	
Sent Out (nos.)	280	100	100	900	250	1,000	2,630
Returned (nos.)	205	40	42	328	53	327	995
Response Rate %	73.2%	40.0%	42.0%	36.4%	21.2%	32.7%	37.8%
Response Rate % by Distribution Method			by hand 59.8%			by mail 32.9%	

Note: (*) By hand, means that the questionnaires were given to the respondents in the tutorial schools.
By mail, means that the questionnaires were sent to the respondents by post.

All returned questionnaires were sorted in accordance with the programme being studied: OLIHK BBA; OLIHK MBA; Curtin BCom; Curtin MAcc; Henley MBA; and the subject of Hong Kong adults. All data were entered on an IBM-compatible PC with a Pentium 166MHz processor for storage. After careful examination to detect any data entry errors, the data were saved on the hard disk of the PC and on one backup "floppy disc". A total of 50 original returned questionnaires, randomly taken from about 5% of each subject, was checked for accuracy of data entry again by the investigator. After the re-checking process was finished, the data were ready to be analysed.

Data Analysis

All the data were processed using the Statistical Package for Social Science (SPSS) for Microsoft Windows Release 6.0 software through an IBM-compatible PC with a Pentium 166MHz processor at OLIHK's office. For the analysis of this study, all data of the six subjects were categorised into three groups according to the study level and the nature of the subjects. The first group was labelled the Bachelor degree group (including OLIHK BBA and Curtin BCom), the second was named the Master degree group (including OLIHK MBA, Curtin MAcc and Henley MBA), and the last was called the Hong Kong adult group (the potential students of distance education programmes). Following the questions of the instrument, the data of all respondents were input in the following sections:

Section 1: Personal Data

Section 2: Evaluation of a Distance Education Programme

Section 3: Intention to Undertake Further Study

Section 1 was a demographic analysis that recorded in the computer the comparison of each subject, while Sections 2 and 3 addressed the four research questions specified in this study. The cross-tabulation analysis of the three groups' respondents by occupation segment, and Section 3: Intention to Undertake Further Study will be presented in the Extrapolation of Findings, Chapter Eight. Norusis (1995, p. 125) explained simply that cross-tabulation is an analysis, "of the relationship between two variables that have a small number of values or categories; a cross-tabulation can be

used in which a table contains counts of the number of times various combinations of values of two variables occur." The result of the cross-tabulation analysis was reprocessed into tabular form in this study by Microsoft Word 6.

Basically, Microsoft Word 6 and Excel 5 have been used to create the tables, figures, or maps that appear in this study, and Word 6 has been mainly used to edit the text of the dissertation.

Chapter Seven

Research Results

Overview

In this chapter, the results of data findings are given according to the three groups, namely, Bachelor degree group, Master degree group and Hong Kong adult group.

The findings of respondents' demographics and the findings in attempting to answer the Research Questions will be presented. At the end of this chapter, a summary will be made.

Data Collected

A total of 2,630 questionnaires were sent to respondents between May and August, 1996. The collection of the returned questionnaires was completed by the end of October, 1996. A total of 1,027 questionnaires were returned in which 32 questionnaires were found to be "invalid" and excluded from this survey. The remaining 995 "valid" questionnaires were counted and processed in the data analysis, giving a 37.8% response rate from the six subjects of the Open Learning Institute of Hong Kong (OLIHK), Curtin University of Technology (Curtin), Henley Management College/Brunel University (Henley), and Hong Kong Adults (Table 7.1).

In Table 7.1, the six subjects are classified into three groups by the study levels and the nature of the subjects. The first group is distance Bachelor degree students who are studying Bachelor of Business Administration (BBA) or Bachelor of Commerce (BCom) programmes. The second group is distance Master degree students who are studying Master of Business Administration (MBA) or Master of Accounting (MAcc) programmes. The last group is Hong Kong adults who are interested in studying through distance education programmes in Hong Kong.

Respondent demographics of the six subjects are quite similar, 56.6% of respondents being male and 43.3% of respondents being female. Only 0.1% of the respondents did not answer the question about gender. Data from the two sex groups have been compared and no significant differences regarding gender found.

Table 7.1: The Results of the Questionnaire Survey from the Six Subjects

Subject	OLIHK BBA	Curtin BCom	OLIHK MBA	Curtin MAcc	Henley MBA	Hong Kong Adults	Total
Distribution Method*	by hand	by hand	by mail	by hand	by mail	by mail	
Month	May 1996	Sept. 1996	Aug. 1996	Aug. 1996	July 1996	Aug. 1996	
Sent Out (nos.)	280	100	900	100	250	1,000	2,630
Returned (nos.)	205	40	328	42	53	327	995
Response Rate %	73.2%	40.0%	36.4%	42.0%	21.2%	32.7%	37.8%
Sex of the Respondents							
Male	95 (45.9%)	20 (52.6%)	244 (74.4%)	36 (85.7%)	32 (60.4%)	136 (41.6%)	563 (56.6%)
Female	111 (53.6%)	18 (47.4%)	84 (25.6%)	6 (14.3%)	21 (39.6%)	191 (58.4%)	431 (43.3%)
Not Responded	1 (0.5%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	1 (0.1%)
Total	207 (100.0%)	38 (100.0%)	328 (100.0%)	42 (100.0%)	53 (100.0%)	327 (100.0%)	995 (100.0%)

Note: (*) By hand, means that the questionnaires were given to the respondents in the tutorial school.
By mail, means that the questionnaires were sent to the respondents by post.

Respondent Demographics of Bachelor Degree Group

The first group of the subjects are OLIHK and Curtin Bachelor degree students. A total of 380 questionnaires were sent to the selected subjects of distance learners, OLIHK and Curtin students, in May 1996 and September 1996 respectively. 245 of the 380 questionnaires were completed and returned by the deadline date. A return rate of 64.5% resulted. Table 7.2 indicates the data from this group.

Table 7.2: The Returned Questionnaires from Bachelor Degree Group

Subject	OLIHK BBA	Curtin BCom	Total
Distribution Method	by hand	by hand	
Month	May 1996	Sept. 1996	
Sent Out (nos.)	280	100	380
Returned (nos.)	207	38	245
Return Rate %	73.9%	38.0%	64.5%

The demographics of OLIHK and Curtin Bachelor degree students are shown in Tables 7.2.1 to 7.2.7. Among this group, 55.3% lie between the ages of 30 and 39 (Table 7.2.1), and 63.1% have a post-secondary level of education (Table 7.2.2). In terms of their working backgrounds, over 57% are in managerial/professional positions (Table 7.2.3), about 48.8% have annual income between HK\$150,000 and HK\$249,999, and 24% receive over HK\$300,000 (Table 7.2.5). Respondents who are Bachelor degree students work in various kinds of industries: 23.7% in finance, insurance or real estate, 22% in wholesale or retail, 20.4% in community, social or personal services, 16.5% in manufacturing, and 12.3% in transport, storage or

communications (Table 7.2.6). Over 87.7% have at least 5 years' working experience (Table 7.2.7), and about 15.6% need to work in China (Table 7.2.4). Overall, the demographics of OLIHK and Curtin respondents are similar, but obvious differences can be found in education level and occupation (Table 7.2.2 and Table 7.2.3). This is because OLIHK has adopted "open admission" to all Hong Kong people aged over 17, while Curtin has a prerequisite of at least secondary level for its degree programmes.

Table 7.2.1: Age (Bachelor Degree Group)

Age	Respondents OLIHK/Curtin	Percentages OLIHK/Curtin	Total Respondents /Percentage
Under 29	56/15	27.2/39.5	71/29.1
Between 30 and 39	118/17	57.3/44.7	135/55.3
Between 40 and 49	30/6	14.5/15.8	36/14.8
Over 50	2/0	1.0/0	2/0.8
Total	206/38	100.0/100.0	244/100.0
Not responded:	1/0		1

Table 7.2.2: Education Level (Bachelor Degree Group)

Education Level	Respondents OLIHK/ Curtin	Percentages OLIHK/Curtin	Total Respondents /Percentage
Secondary or below	60/5	29.1/13.1	65/26.7
Post-secondary	130/24	63.1/63.2	154/63.1
Degree level	11/9	5.4/23.7	20/8.2
Higher degree	1/0	0.5/0	1/0.4
Professional qualifications	4/0	1.9/0	4/1.6
Total	206/38	100.0/100.0	244/100.0
Not responded:	1/0		1

Table 7.2.3: Occupations (Bachelor Degree Group)

Occupation	Respondents OLIHK/Curtin	Percentages OLIHK/Curtin	Total Respondents /Percentage
Managerial/professional	112/27	54.4/71.0	139/57.0
Clerical	56/7	27.2/18.4	63/25.8
Operative/technical/skilled workers (Services & shop sales workers, skilled agricultural & fishery workers, craft & related workers)	14/2	6.8/5.3	16/6.6
Elementary occupations (unskilled workers)	20/2	9.7/5.3	22/9.0
Other	4/0	1.9/0	4/1.6
Total	206/38	100.0/100.0	244/100.0
Not responded:	1/0		1

**Table 7.2.4: Jobs Which Require that Work Be Done in China
(Bachelor Degree Group)**

	Respondents OLIHK/Curtin	Percentages OLIHK/Curtin	Total Respondents /Percentage
Need to work in China	25/13	12.1/34.2	38/15.6
No need to work in China	181/25	87.9/65.8	206/84.4
Total	206/38	100.0/100.0	244/100.0
Not responded:	1/0		1

Table 7.2.5: Annual Income (Bachelor Degree Group)

Annual Income	Respondents OLIHK/Curtin	Percentages OLIHK/Curtin	Total Respondents /Percentage
Below HK\$149,999	31/6	15.1/16.2	37/15.2
HK\$150,000 to HK\$199,999	53/6	25.9/16.2	59/24.4
HK\$200,000 to HK\$249,999	47/12	22.9/32.4	59/24.4
HK\$250,000 to HK\$299,999	24/5	11.7/13.5	29/12.0
Over HK\$300,000	50/8	24.4/21.7	58/24.0
Total	205/37	100.0/100.0	242/100.0
Not responded:	2/1		3

Table 7.2.6: Industries of Employers' Organisations (Bachelor Degree Group)

Industry	Respondents OLIHK/Curtin	Percentages OLIHK/Curtin	Total Respondents /Percentage
Manufacturing	32/7	16.0/19.5	39/16.5
Building & Construction	9/3	4.5/8.3	12/5.1
Wholesale, retail, import & export trade, restaurants & hotels	42/10	21.0/27.8	52/22.0
Transport, storage & communications	21/8	10.5/22.2	29/12.3
Finance, insurance, real estate or business services	51/5	25.5/13.9	56/23.7
Community, social or personal services	45/3	22.5/8.3	48/20.4
Total	200/36	100.0/100.0	236/100.0
Not responded:	7/2		9

Table 7.2.7: Number of Years' Working Experience (Bachelor Degree Group)

Number of Years' Working Experience	Respondents OLIHK/Curtin	Percentages OLIHK/Curtin	Total Respondents /Percentage
4 years or below	24/6	11.6/15.8	30/12.3
5 years to 9 years	52/11	25.1/28.9	63/25.7
10 years to 15 years	78/12	37.7/31.6	90/36.7
16 years to 20 years	30/7	14.5/18.4	37/15.1
21 years or more	23/2	11.1/5.3	25/10.2
Total	207/38	100.0/100.0	245/100.0
Not responded:	0/0		0

Respondent Demographics of Master Degree Group

The second group of the subjects are those of distance students of OLIHK's Master of Business Administration (MBA), Curtin's Master of Accounting (MAcc) and Henley's Master of Business Administration (MBA) programmes. A total of 1,250 questionnaires were sent to the subjects, to Henley MBA students in July 1996, and to OLIHK MBA and Curtin MAcc students in August 1996. 423 of the 1,250 questionnaires were completed and returned by the deadline date. A return rate of 33.8% was obtained. Table 7.3 shows the data from this group.

Table 7.3: The Returned Questionnaires from Master Degree Group

Subject	OLIHK MBA	Curtin MAcc	Henley MBA	Total
Distribution Method	by mail	by hand	by mail	
Month	Aug. 1996	Aug. 1996	July 1996	
Sent Out (nos.)	900	100	250	1,250
Returned (nos.)	328	42	53	423
Return Rate %	36.4%	42.0%	21.2%	33.8%

The demographics of OLIHK MBA, Curtin MAcc and Henley MBA students are shown in Tables 7.3.1 to 7.3.7. Among this group, 68.8% lie between the ages of 30 and 39 (Table 7.3.1), 49% have a degree-level education, 26.6% have a post-secondary level education, and 16.2% have professional qualifications (Table 7.3.2). In terms of their working backgrounds, over 91% are in managerial/professional positions (Table 7.3.3), 71.7% have annual income over HK\$300,000 and 10% earn between HK\$250,000 and HK\$299,999 (Table 7.3.5). Respondents who are Master

degree students come from various kinds of industries: 27.9% from finance, insurance or real estate, 19.4% from manufacturing, 16.9% from wholesale or retail, 16.2% from community, social or personal services, and 11.3% from transport, storage or communications (Table 7.3.6). Over 94.1% have at least 5 years' working experience (Table 7.3.7) and about 36.8% need to work in China (Table 7.3.4). In brief, the demographic findings of respondents from OLIHK, Curtin and Henley programmes are similar.

Table 7.3.1: Age (Master Degree Group)

Age	Respondents	Percentages	Total Respondents
	OLIHK/Curtin/Henley	OLIHK/Curtin/Henley	/Percentage
Under 29	36/14/2	11.0/33.3/3.8	52/12.3
Between 30 and 39	220/25/46	67.1/59.5/86.8	291/68.8
Between 40 and 49	68/3/5	20.7/7.2/9.4	76/18.0
Over 50	4/0/0	1.2/0/0	4/0.9
Total	328/42/53	100.0/100.0/100.0	423/100.0
Not responded:	0/0/0		0

Table 7.3.2: Education Level (Master Degree Group)

Education Level	Respondents	Percentages	Total Respondents
	OLIHK/Curtin/Henley	OLIHK/Curtin/Henley	/Percentage
Secondary or below	0/0/0	0/0/0/	0/0
Post-secondary	89/6/15	27.5/15.0/29.4	110/26.6
Degree level	158/20/25	48.9/50.0/49.0	203/49.0
Higher degree	18/11/5	5.6/27.5/9.8	34/8.2
Professional qualifications	58/3/6	18.0/7.5/11.8	67/16.2
Total	323/40/51	100.0/100.0/100.0	414/100.0
Not responded:	5/2/2		9

Table 7.3.3: Occupations (Master Degree Group)

Occupation	Respondents	Percentages	Total Respondents
	OLIHK/Curtin/Henley	OLIHK/Curtin/Henley	/Percentage
Managerial/professional	299/39/47	91.1/92.8/88.6	385/91.0
Clerical	11/2/3	3.4/4.8/5.7	16/3.8
Operative/skilled workers (Services & shop sales workers, skilled agricultural & fishery workers, craft & related workers)	7/0/0	2.1/0/0	7/1.7
Elementary occupations	11/0/1	3.4/0/1.9	12/2.8
Other	0/1/2	0/2.4/3.8	3/0.7
Total	328/42/53	100.0/100.0/100.0	423/100.0
Not responded:	0/0/0		0

Table 7.3.4: Jobs Which Require that Work Be Done in China (Master Degree Group)

	Respondents	Percentages	Total Respondents
	OLIHK/Curtin/Henley	OLIHK/Curtin/Henley	/Percentage
Need to work in China	116/16/23	35.6/38.1/44.4	155/36.8
No need to work in China	210/26/30	64.4/61.9/55.6	266/63.2
Total	326/42/53	100.0/100.0/100.0	421/100.0
Not responded:	2/0/0		2

Table 7.3.5: Annual Income (Master Degree Group)

Annual Income	Respondents	Percentages	Total Respondents
	OLIHK/Curtin/Henley	OLIHK/Curtin/Henley	/Percentage
Below HK\$149,000	6/3/4	1.8/7.1/7.5	13/3.1
HK\$150,000 to HK\$199,999	20/3/1	6.1/7.1/1.9	24/5.7
HK\$200,000 to HK\$249,999	31/7/2	9.5/16.7/3.8	40/9.5
HK\$250,000 to HK\$299,999	35/4/3	10.8/9.5/5.7	42/10.0
Over HK\$300,000	234/25/43	71.8/59.6/81.1	302/71.7
Total	326/42/53	100.0/100.0/100.0	421/100.0
Not responded:	2/0/0		2

Table 7.3.6: Industries of Employers' Organisations (Master Degree Group)

Industry	Respondents	Percentages	Total Respondents
	OLIHK/Curtin/Henley	OLIHK/Curtin/Henley	/Percentage
Manufacturing	68/5/6	21.5/12.5/11.5	79/19.4
Building & Construction	23/6/5	7.3/15.0/9.6	34/8.3
Wholesale, retail, import & export trade, restaurants & hotels	62/0/7	19.6/0/13.5	69/16.9
Transport, storage & communications	34/3/9	10.8/7.5/17.3	46/11.3
Finance, insurance, real estate or business services	73/23/18	23.1/57.5/34.6	114/27.9
Community, social or personal Services	56/3/7	17.7/7.5/13.5	66/16.2
Total	316/40/52	100.0/100.0/100.0	408/100.0
Not responded:	12/2/1		15

Table 7.3.7: Number of Years' Working Experience (Master Degree Group)

Number of Years Working Experience	Respondents	Percentages	Total Respondents
	OLIHK/Curtin/Henley	OLIHK/Curtin/Henley	/Percentage
4 years or below	17/6/2	5.2/14.3/3.8	25/5.9
5 years to 9 years	71/15/14	21.6/35.7/26.4	100/23.7
10 years to 15 years	135/18/24	41.2/42.9/45.3	177/41.8
16 years to 20 years	64/2/12	19.5/4.8/22.6	78/18.4
21 years or over	41/1/1	12.5/2.3/1.9	43/10.2
Total	328/42/53	100.0/100.0/100.0	423/100.0
Not responded:	0/0/0		

Respondent Demographics of the Hong Kong Adult Group

The third subject group are Hong Kong adults who are potential students of distance education programmes, and are interested in studying through distance education programmes in Hong Kong. A total of 1,000 names of such Hong Kong adults had been identified from the Hong Kong Education Expo 1996. A questionnaire was sent to this group by post in August 1996. 327 of the 1,000 questionnaires were completed and returned by the deadline date. A return rate of 32.7% was obtained. Table 7.4 records the data from this group.

Table 7.4: The Returned Questionnaires from the Hong Kong Adult Group

Subject	Hong Kong Adults
Distribution Method	by post
Month	Aug. 1996
Sent Out (nos.)	1,000
Returned (nos.)	327
Return Rate %	32.7%

The demographics of these Hong Kong adults are shown in Tables 7.4.1 to 7.4.7. Among this group, 84.4% lie in the under-29 age bracket (Table 7.4.1), 43.4% have a post-secondary level of education, and 32.6% have a secondary-or-below level of education (Table 7.4.2). In terms of their working backgrounds, over 31.5% are in managerial/professional positions, 29% in clerical jobs, and 22.9% in other (being mainly housewives) (Table 7.4.3), 67.2% have annual income below HK\$149,999 (Table 7.4.5). These Hong Kong adult respondents work in various kinds of

industries: 32.2% in community, social or personal services, 22.6% in wholesale or retail, and 21.5% in finance, insurance or real estate (Table 7.4.6). Over 72% have less than 4 years' working experience (Table 7.4.7) and about 12.1% need to work in China (Table 7.4.4).

Table 7.4.1: Age (Hong Kong Adult Group)

Age	Respondents Hong Kong Adults	Percentages
Under 29	276	84.4
Between 30 and 39	42	12.8
Between 40 and 49	8	2.5
Over 50	1	0.3
Total	327	100.0
Not responded:	0	

Table 7.4.2: Education Level (Hong Kong Adult Group)

Education Level	Respondents Hong Kong Adults	Percentages
Secondary or below	106	32.6
Post-secondary	141	43.4
Degree level	63	19.4
Higher degree	9	2.8
Professional qualifications	6	1.8
Total	325	100.0
Not responded:	2	

Table 7.4.3: Occupations (Hong Kong Adult Group)

Occupation	Respondents Hong Kong Adults	Percentages
Managerial/professional	102	31.5
Clerical	94	29.0
Operative/technical/skilled workers (Services & shop sales workers, skilled agricultural & fishery workers, craft & related workers)	26	8.0
Elementary occupations	28	8.6
Other (mainly in housewives)	74	22.9
Total	324	100.0
Not responded:	3	

**Table 7.4.4: Jobs Which Require that Work be Done in China
(Hong Kong Adult Group)**

	Respondents Hong Kong Adults	Percentages
Need to work in China	38	12.1
No need to work in China	275	87.9
Total	313	100.0
Not responded:	14	

Table 7.4.5: Annual Income (Hong Kong Adult Group)

Annual Income	Respondents Hong Kong Adults	Percentages
Below HK\$149,999	215	67.2
HK\$150,000 to HK\$199,999	46	14.4
HK\$200,000 to HK\$249,999	26	8.1
HK\$250,000 to HK\$299,999	20	6.3
Over HK\$300,000	13	4.0
Total	320	100.0
Not responded:	7	

**Table 7.4.6: Industry of Employers' Organisations
(Hong Kong Adult Group)**

Industry	Respondents Hong Kong Adults	Percentages
Manufacturing	22	8.1
Building & Construction	18	6.7
Wholesale, retail, import & export trade, restaurants & hotels	61	22.6
Transport, storage & communications	24	8.9
Financing, insurance, real estate or business services	58	21.5
Community, social or personal services	87	32.2
Total	270	100.0
Not responded:	57	

**Table 7.4.7: Number of Years' Working Experience
(Hong Kong Adult Group)**

Number of Years Working Experience	Respondents Hong Kong Adults	Percentages
4 years or below	220	72.0
5 years to 9 years	51	16.6
10 years to 15 years	22	7.2
16 years to 20 years	9	2.9
21 years or over	4	1.3
Total	306	100.0
Not responded:	21	

Findings Relating to Research Question One

Research Question One: Will there still be a potential market for university distance education programmes in Hong Kong during the transition period?

Response from Bachelor Degree Group (OLIHK BBA and Curtin BCom)

The first group of data relevant to Research Question One was gathered through responses to Questions 1 to 6 in Section 2: Evaluation of a Distance Education Programme (Tables 7.5.1 to 7.5.6), and to Questions 1 to 8 in Section 3: Intention to Undertake Further Study (Tables 7.6.1 to 7.6.8) of the instrument of this study (Appendices A and B).

In summary, 53% of the respondents who were Bachelor degree students feel that the most important factor for them in studying a distance education programme is to advance their educational qualifications. The most advantageous aspects of the programme are recognition of the degree awarded (44.8%) and flexibility of study (31.6%). In evaluation of the current distance education programme, respondents prefer: a course fee below HK\$79,999 (57.2%), 4 years' study or more (77%), Chinese and English for books and course material (50%) or English only (49.6%), and a local study centre with local tutorial support (67.2%). (Tables 7.5.1 to 7.5.6)

In summary, 50.6% of the Bachelor degree respondents, amounting to 121 students, intend to undertake further study after they finish their current distance education programmes. Among them, nearly all, 98.4%, would choose a Master degree

programme for their further study. The choice of new study for Bachelor degree respondents depends on the following aspects: local part-time evening programmes on campus (44.4%) and distance education programme (43.6%), Hong Kong programmes (49.6%), course fees around HK\$80,000 to HK\$99,999 (61.2%), and 2 years' study (56.2%). In regard to content on China, 76% of the 121 respondents wish to have China content in their further study, while 24% do not wish it. For those respondents wanting China content, 29.3% want it on Economics, 26.1% on Management, 18.5% would select combined subjects (Accounting, Economics, Education, Management, Marketing or Other), 16.3% would pick Other (Chinese Law and Politics), and 8.7% would choose Marketing. (Tables 7.6.1 to 7.6.8)

Response from Master Degree Group (OLIHK MBA, Curtin MAcc and Henley MBA)

The second group of data relevant to Research Question One was gathered through response to Questions 1 to 6 in Section 2: Evaluation of a Distance Education Programme (Tables 7.5.1 to 7.5.6) and to Questions 1 to 8 in Section 3: Intention to Undertake Further Study (Tables 7.6.1 to 7.6.8) of the instrument of this study (Appendices C, D and E).

In summary, Master degree respondents feel that the most important factors of the distance education programme they are studying are to advance their educational qualifications (52.4%) and to improve management skills (37.6%). The most advantageous aspects of the programme are the flexibility of study (43.6%) and the

recognition of the degree awarded (37.5%). In the evaluation of the current education programme, the respondents prefer: a course fee below HK\$79,999 (67.1%), 2 years' study (49.5%) or 3 years' study (40%), Chinese and English for books and course material (56.3%) or English only (42%), and a local study centre with local tutorial support (79%). (Tables 7.5.1 to 7.5.6)

In summary, 56.7% of the Master degree respondents, amounting to 237 students, intend to undertake further study after they finish their current distance education programmes. Among them, 30.4% would prefer a Doctorate degree programme, 27.3% favour a Master degree programme, and 23.3% select professional qualifications for their further study. The choice of further study by Master degree students depends on the following aspects: distance education programme (58.2%) or local part-time evening on campus (36.6%), Hong Kong programme (43.2%) or USA programme (24%), course fees below HK\$79,999 (63.7%), and 2 years' study (55.5%) or 3 years' study (26.3%). In regard to content on China, 69.8% of the 232 respondents wish to see such content in their further study, while 30.2% do not wish it. For those respondents who want China content, 35.3% would select combined subjects (Accounting, Economics, Education, Management, Marketing and Other), 21.8% would take Economics, 20.5% would choose Other (Chinese Law and Politics), 13.5% would select Management, and 7.7% would want to study Accounting. (Tables 7.6.1 to 7.6.8)

Response from the Hong Kong Adult Group

The third group of data relevant to Research Question One was gathered through response to Questions 1 to 4 in Section 2: Evaluation of a Distance Education Programme (Table 7.5.1 and Table 7.5.2; Table 7.5.5 and Table 7.5.6), and Questions 1 to 7 in Section 3: Intention to Undertake Further Study (Tables 7.6.2 to 7.6.8) of the instrument of this study (Appendix F).

In summary, 65% of the Hong Kong adult respondents consider that the most important factor in studying a distance education programme is to advance their educational qualifications. The most advantageous aspects when choosing the programme are flexibility of study (27.4%), the recognition of the degree awarded (24.3%), and the course fees (21.8%). The respondents prefer distance education programmes which have: Chinese and English for books and course material (73.5%) and a local study centre with local tutorial support (63.9%). (Table 7.5.1 and Table 7.5.2; Table 7.5.5 and Table 7.5.6)

In fact, all Hong Kong adult respondents are identified as potential distance students in Hong Kong. A total of 327 respondents replied to the instrument. Among them, 41.2% would choose a Bachelor degree programme, and 23% would consider a Diploma programme, while 22% would select a Master degree programme and 10.7% would choose professional qualifications for their further study. The further study programme is chosen by the Hong Kong adult group on the following criteria: local part-time evening programme on campus (55.1%), distance education programme (28.5%), Hong Kong programme (36.7%) and USA programme (21.3%), with course

fees below HK\$79,999 (74.2%), and 2 years' study (38.3%) or 3 years' study (28.1%). In regard to China content, 54.6% of the respondents wish to see such content included in their further study, while 45.4% do not wish it. For those respondents who want content on China, 22% would choose Economics, 21.5% would pick combined subjects (Accounting, Economics, Education, Management, Marketing and Other), 20.3% would consider Accounting, 18.6% named Other (Chinese Law and Politics), and 14.7% would pick Management in China. (Tables 7.6.2 to 7.6.8)

Findings Relating to Research Question Two

Research Question Two: What kind of university distance education programmes will be necessary for Hong Kong's workforce during the transition period?

Response from Bachelor Degree Group (OLIHK BBA and Curtin BCom)

The first group's data from Bachelor degree students relevant to Research Question Two was gathered through response to Questions 7 to 10 in Section 2: Evaluation of a Distance Education Programme (Tables 7.5.7 to 7.5.10) of the instrument of this study (Appendix A and B).

In summary, 21.5% of Bachelor degree respondents indicate that job promotion is related to the completion of the current distance education programme. 29.6% of Bachelor degree respondents state that their employer rates the distance degree programme lower than a full-time degree programme for the reason of university status (55.1%). They consider the most necessary training programmes for Hong Kong's employees to be: business Bachelor degree (40.6%) and Master degree (36.1%). (Tables 7.5.7 to 7.5.10)

Response from Master Degree Group (OLIHK MBA, Curtin MAcc and Henley MBA)

The second group's data from Master degree students relevant to Research Question Two was collected through response to Questions 7 to 10 in Section 2: Evaluation of a Distance Education Programme (Tables 6.5.7 to 6.7.10) of the instrument of this study (Appendices C, D and E).

In summary, 21.4% of Master degree respondents indicate that job promotion is related to the completion of the current distance education programme. 21.4% of Master degree respondents also declare that their employer rates distance degree programmes lower than full-time degree programmes for the reason of university status (48.2%). The most useful training programmes for improving the qualifications of Hong Kong's employees are considered by these respondents to be: Master degree programmes (45.5%), professional examinations (26.7%), and Bachelor degree programmes (18.6%). (Tables 7.5.7 to 7.5.10)

Response from the Hong Kong Adult Group

The third group of data relevant to Research Question Two was gathered through response to Questions 7 to 10 in Section 2: Evaluation of a Distance Education Programme (Tables 7.5.7 to 7.5.10) of the instrument of this study (Appendix F).

In summary, 25.3% of Hong Kong adult respondents feel that job promotion is related to the completion of the programme. 14% of Hong Kong adult respondents state that their employers rate a distance education programme lower than a full-time programme and the reasons are mainly due to academic level (36.4%), university status (27.3%) and government recognition (20.5%). The most useful training programmes for Hong Kong's employees as recommended by these respondents would be: professional examinations (27%), business Bachelor degree programmes (26.7%), and Master degree programmes (25.8%). (Tables 7.5.7 to 7.5.10)

Findings Relating to Research Question Three

Research Question Three: Will Hong Kong's higher education system remain unchanged after Hong Kong becomes a Special Administrative Region of China in 1997?

Response from Bachelor Degree Group (OLIHK BBA and Curtin BCom)

The first group of data relevant to Research Question Three was analysed through response to Questions 11 and 12 in Section 2: Evaluation of a Distance Education Programme (Tables 7.5.11 and 7.5.12) of the instrument of this study (Appendices A and B).

Table 6.5.11 and Table 6.5.12 provide summaries of the findings of Bachelor degree students. The respondents were asked to indicate their views about the status of Hong Kong's higher education system after 1997. Over 22.2% of Bachelor degree respondents feel that it would change, while 31.7% think that it would not change, and 46.1% are unsure. If Hong Kong's higher education system were to change after 1997, nearly 46.6% of these respondents believe it would become a mixed system, most likely "a Hong Kong system mixed with a Chinese system".

Response from Master Degree Group (OLIHK MBA, Curtin MAcc and Henley MBA)

The second group of data relevant to Research Question Three was gathered through response to Questions 11 and 12 in Section 2: Evaluation of a Distance Education

Programme (Table 7.5.11 and Table 7.5.12) of the instrument of this study (Appendices C, D and E). Table 7.5.11 and Table 7.5.12 provide summaries of the findings of Master degree students. The respondents were asked to express their views about the status of Hong Kong's higher education system after 1997. 32.7% of Master degree respondents answer that it would change, while 37.2% think that it would not change, and 30.1% are unsure. If Hong Kong's higher education system were to change after 1997, 47.5% are of the view that it would become a mixed system, most likely "a Hong Kong system mixed with a Chinese system".

Response from the Hong Kong Adult Group

The third group of data relevant to Research Question Three was gathered through response to Questions 7 and 8 in Section 2: Evaluation of a Distance Education Programme (Table 7.5.11 and Table 7.5.12) of the instrument of this study (Appendix F).

Table 7.5.11 and Table 7.5.12 list summaries of the findings of the response from Hong Kong adults. The respondents were asked to express their views about the status of Hong Kong's higher education system after 1997. 31.8% of Hong Kong adult respondents say that it would change, while 30.5% believe that it would not change, and 37.7% are unsure. If Hong Kong's higher education system were to change after 1997, 29.6% believe it would change to a Chinese system, 28.1% feel it would remain a UK system, and 21.4% consider it would become a mixed system, most likely a Hong Kong system mixed with a Chinese one.

Findings Relating to Research Question Four

Research Question Four: Will China be a potential education market for Hong Kong's university distance education programmes?

Response from Bachelor Degree Group (OLIHK BBA and Curtin BCom)

The first group of data relevant to Research Question Four was gathered through response to Questions 13 to 15 in Section 2: Evaluation of a Distance Education Programme (Tables 7.5.13 to 7.5.15) of the instrument of this study (Appendices A and B).

In summary of Tables 7.5.13 to 7.5.15, 21.8% of Bachelor degree respondents consider the current distance education programme they are studying is an effective training programme for Chinese students. In their opinion, 56.4% consider that managers in Chinese private companies are potential students for the programme. If the current business degree programme were to be introduced to China's education market, 59.5% conclude that the course material should be translated into Chinese and 26.8% consider that the course fee should be lowered.

Response from Master Degree Group (OLIHK MBA, Curtin MAcc and Henley MBA)

The second group of data relevant to this research question was gathered through response to Questions 13 to 15 in Section 2: Evaluation of a Distance Education

Programme (Tables 7.5.13 to 7.5.15) of the instrument of this study (Appendices C, D and E). In summary of Tables 7.5.13 to 7.5.15, 21.2% of Master degree respondents consider that the current distance education programmes they are studying would be effective training programmes for Chinese students. From their points of view, 61.2% consider that managers in private companies are potential students for the programmes. If the current business degree programmes were to be launched on China's education market, 51.3% think that the course material should be translated into Chinese and 26.9% consider that the course fees should be lowered.

Section 2: Evaluation of a Distance Education Programme
(For the subject of the Hong Kong Adult Group, this Section 2 was modified to have only 10 Questions)

Table 7.5.1: Important Factors in Motivation in Studying a Distance Education Programme in Hong Kong

Important Factors	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
To secure your job	64/27.1	25/6.1	28/8.7	117/12.1
To improve your management skills	37/15.6	154/37.6	76/23.5	267/27.6
To consolidate your human relationships	3/1.3	2/0.5	4/1.2	9/0.9
To advance your educational qualifications	125/53.0	215/52.4	210/65.0	550/56.8
Other factors	7/3.0	14/3.4	5/1.6	26/2.6
Total	236/100.0	410/100.0	323/100.0	969/100.0
Not responded:	9	13	4	26

Table 7.5.2: Important Aspects in Choosing for Study a Distance Education Programme in Hong Kong

Important Aspects	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
Course fees	24/10.5	22/5.4	69/21.8	115/12.1
The length of the study	11/4.8	19/4.7	45/14.2	75/7.9
The flexibility of study	72/31.6	178/43.6	87/27.4	337/35.4
Job security	18/7.9	28/6.9	33/10.4	79/8.3
Recognition of the degree awarded	102/44.8	153/37.5	77/24.3	332/34.8
Other	1/0.4	8/1.9	6/1.9	15/1.5
Total	228/100.0	408/100.0	317/100.0	953/100.0
Not responded:	17	15	10	42

Table 7.5.3: Desirable Course Fees for Current Distance Education Programme

Course Fees	Ranking (number/percentage)			
	Bachelor	Master	HK Adults*	Total
Below HK\$79,999	139/57.2	282/67.1	na	421/63.5
HK\$80,000 to HK\$99,999	72/29.6	99/23.6	na	171/25.8
HK\$100,000 to HK\$119,999	27/11.1	28/6.7	na	55/8.3
HK\$120,000 to HK\$139,999	4/1.7	5/1.2	na	9/1.3
HK\$140,000 to HK\$159,999	1/0.4	4/0.9	na	5/0.8
Over HK\$160,000	0/0	2/0.5	na	2/0.3
Total	243/100.0	420/100.0	na	663/100.0
Not responded:	2	3		5

Note: (*) Since the Hong Kong adult group are not current distance students, this question is not appropriate to them and was therefore deleted from the Hong Kong adult questionnaire.

Table 7.5.4: Desirable Length for Current Distance Education Programme

Length of Study	Ranking (number/percentage)			
	Bachelor	Master	HK Adults*	Total
1 year	2/0.8	5/1.2	na	7/1.1
2 years	19/7.8	208/49.5	na	227/34.1
3 years	35/14.4	168/40.0	na	203/30.6
4 years	93/38.1	25/6.0	na	118/17.8
Other (more than 4 years)	95/38.9	14/3.3	na	109/16.4
Total	244/100.0	420/100.0	na	664/100.0
Not responded:	1	3		4

Note: (*) Since the Hong Kong adult group are not current distance students, this question is not appropriate to them and was therefore deleted from the Hong Kong adult questionnaire.

Table 7.5.5: The Language Medium Used in a Distance Education Programme

Language Medium	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
Chinese	1/0.4	7/1.7	16/4.9	24/2.4
English	121/49.6	177/42.0	70/21.6	368/37.2
Chinese and English together	122/50.0	237/56.3	239/73.5	598/60.4
Total	244/100.0	421/100.0	325/100.0	990/100.0
Not responded:	1	2	5	5

Table 7.5.6: Support from Distance Education Institution

Support from Distance Education Institution	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
Local study centre with local tutorial support	158/67.2	323/79.0	205/63.9	686/71.1
Computer facilities linked to the Institution	34/14.5	41/10.0	89/27.7	164/17.0
Telephone tutorial support	35/14.9	23/5.6	22/6.9	80/8.3
Other	8/3.4	22/5.4	5/1.5	35/3.6
Total	235/100.0	409/100.0	321/100.0	965/100.0
Not responded:	10	14	6	30

Table 7.5.7: Relationship between the Completion of a Distance Education Degree Programme and Job Promotion

Does a Relationship Exist Between the Completion of a Distance Degree Programme and Job Promotion?	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
Yes	52/21.5	90/21.4	82/25.3	224/22.7
No	54/22.3	113/26.8	15/4.6	182/18.4
Not sure	136/56.2	218/51.8	227/70.1	581/58.9
Total	242/100.0	421/100.0	324/100.0	987/100.0
Not responded:	3	2	3	8

Table 7.5.8: Employers' Attitudes to a Distance Education Degree Programme

Does your Employer Rate Distance Degree Programmes lower than Full-Time Degree Programmes?	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
Yes	72/29.6	90/21.4	44/14.0	206/21.1
No	48/19.8	113/26.8	68/21.7	229/23.4
Not certain	123/50.6	218/51.8	202/64.3	543/55.5
Total	243/100.0	421/100.0	314/100.0	978/100.0
Not responded:	2	2	13	17

Table 7.5.9: The Reasons for Employers' Attitude to a Distance Education Degree Programme

Employer's Reason	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
Academic level	16/23.2	17/21.0	16/36.4	49/25.3
University status	38/55.1	39/48.2	12/27.3	89/45.9
Government recognition	11/15.9	9/11.1	9/20.4	29/14.9
Programme structure	3/4.3	9/11.1	7/15.9	19/9.8
Other	1/1.5	7/8.6	0/0	8/4.1
Total	69/100.0	81/100.0	44/100.0	194/100.0
Not responded:	3	9	0	12

Table 7.5.10: The Most Useful Programme for Hong Kong Employees

Programmes	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
Sub-degree, e.g. Diploma	7/3.2	19/4.6	52/16.2	78/8.2
Professional examination, e.g. HKSA/ACCA	43/19.6	109/26.7	87/27.0	239/25.2
Business Bachelor degree, e.g. BBA	89/40.6	76/18.6	86/26.7	251/26.4
Master degree, e.g. MBA	79/36.1	186/45.5	83/25.8	348/36.6
Doctorate degree, e.g. DBA	1/0.5	19/4.6	14/4.3	34/3.6
Total	219/100.0	409/100.0	322/100.0	950/100.0
Not responded:	26	14	5	45

Table 7.5.11: The Status of the Higher Education System in Hong Kong after 1997

Will the current Higher Education System of Hong Kong be changed after Hong Kong becomes a Special Administrative Region of China in 1997?	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
Yes	54/22.2	138/32.7	103/31.8	295/29.8
No	77/31.7	157/37.2	99/30.5	333/33.7
Not sure (No need to answer Question 12)	112/46.1	127/30.1	122/37.7	361/36.5
Total	243/100.0	422/100.0	324/100.0	989/100.0
Not responded:	2	1	3	6

**Table 7.5.12: The Higher Education System Likely to be Adopted
in Hong Kong after 1997**

Country	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
Australia's higher education system	10/7.6	1/0.3	19/9.7	30/4.9
China's higher education system	25/19.1	82/29.3	58/29.6	165/27.2
USA's higher education system	21/16.0	43/15.4	22/11.2	86/14.2
UK's higher education system	14/10.7	21/7.5	55/28.1	90/14.8
A mixed system (most respondents selected Kong Hong system mixed with Chinese system)	61/46.6	133/47.5	42/21.4	236/38.9
Total	131/100.0	280/100.0	196/100.0	607/100.0
Not responded:	0	15	6	21

**Table 7.5.13: The Suitability of Current Distance Education Programme
for Chinese Students**

Do You Agree that the Distance Education Programme you are studying is an Effective Management Training Programme for China's Students?	Ranking (number/percentage)			
	Bachelor	Master	HK Adults*	Total
Yes	52/21.8	88/21.2	na	140/21.4
No	50/20.9	112/26.9	na	162/24.7
Not sure	137/57.3	216/51.9	na	353/53.9
Total	239/100.0	416/100.0	na	655/100.0
Not responded:	6	7		13

Note: (*) Since the Hong Kong adult group are not current distance students, this question is not applicable to them and was therefore deleted from the Hong Kong adult questionnaire.

Table 7.5.14: Potential Students in China for the Current Distance Education Programme

In Your Opinion, Which Are the Most Likely Classes of People Who Would Study a Distance Degree Programme in China?	Ranking (number/percentage)			
	Bachelor	Master	HK Adults*	Total
Cadres, e.g. senior officers	39/19.3	33/8.3	na	72/12.0
Managers in private companies	114/56.4	243/61.2	na	357/59.6
Professionals, e.g. accountants	27/13.4	66/16.6	na	93/15.5
Entrepreneurs, e.g. businessmen	22/10.9	36/9.1	na	58/9.7
Other	0/0	19/4.8	na	19/3.2
Total	202/100.0	397/100.0	na	599/100.0
Not responded:	43	26		69

Note: (*) Since the Hong Kong adult group are not current distance students, this question is not applicable to them and therefore was deleted from the Hong Kong adult questionnaire.

Table 7.5.15: Revision of the Current Distance Education Programme's Content for Chinese Students

If the Current Distance Education Programme Were Launched in China, Which One of the Following Aspects Should Be Revised to Suit Chinese Students?	Ranking (number/percentage)			
	Bachelor	Master	HK Adults*	Total
Course material (most respondents considered that the course material should be revised to Chinese.)	122/59.5	202/51.3	na	324/54.1
Course fee (most respondents considered the course fee should be lower for Chinese students.)	55/26.8	106/26.9	na	161/26.9
Tutorial support	26/12.7	69/17.5	na	95/15.9
Other	2/1.0	17/4.3	na	19/3.1
Total	205/100.0	394/100.0	na	599/100.0
Not responded:	40	29		69

Note: (*) Since the Hong Kong adult group are not current distance students, this question is not applicable to them and therefore was deleted from the Hong Kong adult questionnaire.

Section 3: Intention to Undertake Further Study
(For the subject of the Hong Kong Adult Group, this Section 3 was modified to have only 7 Questions)

Table 7.6.1: Intention to Undertake Further Study

Will You Continue to Study a New Programme When You Have Completed Your Current Distance Education Programme?	Ranking (number/percentage)			
	Bachelor	Master	HK Adults*	Total
Yes	121/50.6	237/56.7	na	358/54.5
No	118/49.4	181/43.3	na	299/45.5
Total	239/100.0	418/100.0	na	657/100.0
Not responded:	6	5		11

Note: (*) Since the respondents of the Hong Kong adult group have already indicated their intention of new study by completing their questionnaires, this question is not appropriate to them and therefore was deleted from the Hong Kong adult questionnaire.

Table 7.6.2: Choice of Programme Level for Further Study

Level Preferred	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
Diploma	1/0.8	9/4.0	73/23.0	83/12.5
Bachelor degree	1/0.8	34/15.0	131/41.2	166/25.0
Master degree	118/98.4	62/27.3	70/22.0	250/37.6
Doctorate degree	0/0	69/30.4	10/3.1	79/11.9
Professional qualification	0/0	53/23.3	34/10.7	87/13.0
Total	120/100.0	227/100.0	318/100.0	665/100.0
Not responded:	1	10	9	20

Table 7.6.3: Choice of Study Mode of Further Study

Study Mode Preferred	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
Local full-time on campus	7/6.0	1/0.4	30/9.3	38/5.7
Local part-time evening on campus	52/44.4	85/36.6	178/55.1	315/46.9
Distance education programme	51/43.6	135/58.2	92/28.5	278/41.3
Overseas full-time on campus	7/6.0	11/4.8	23/7.1	41/6.1
Total	117/100.0	232/100.0	323/100.0	672/100.0
Not responded:	4	5	4	13

Table 7.6.4: Choice of Further Study by Country

Country	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
Australian programme	13/11.3	13/5.7	47/14.7	73/11.0
Chinese programme	6/5.2	29/12.7	17/5.3	52/7.8
Hong Kong programme	57/49.6	99/43.2	117/36.7	273/41.2
USA programme	24/20.9	55/24.0	68/21.3	147/22.2
UK programme	15/13.0	26/11.4	65/20.4	106/16.0
Other	0/0	7/3.0	5/1.6	12/1.8
Total	115/100.0	229/100.0	319/100.0	663/100.0
Not responded:	6	8	8	22

Table 7.6.5: Choice of Course Fee of Further Study

Course Fee Preferred	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
Below HK\$79,999	10/8.3	149/63.7	239/74.2	398/58.8
HK\$80,000 to HK\$99,999	74/61.2	49/20.9	47/14.6	170/25.1
HK\$100,000 to HK\$119,999	24/19.8	18/7.7	22/6.9	64/9.5
HK\$120,000 to HK\$139,999	8/6.6	7/3.0	10/3.1	25/3.7
HK\$140,000 to HK\$159,999	2/1.6	5/2.1	2/0.6	9/1.3
Over HK\$160,000	3/2.5	6/2.6	2/0.6	11/1.6
Total	121/100.0	234/100.0	322/100.0	677/100.0
Not responded:	0	3	5	8

Table 7.6.6: Choice of Study Length of Further Study

Length of Study Preferred	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
1 year	4/3.3	24/10.2	45/13.9	73/10.7
2 years	68/56.2	131/55.5	124/38.3	323/47.4
3 years	37/30.6	62/26.3	91/28.1	190/27.9
4 years	10/8.3	12/5.1	31/9.6	53/7.8
Other (more than 4 years)	2/1.6	7/2.9	33/10.1	42/6.2
Total	121/100.0	236/100.0	324/100.0	681/100.0
Not responded:	0	1	3	4

Table 7.6.7: Content about China in Further Study

Would You Prefer to Have Content on China in the New Programme?	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
Yes	92/76.0	162/69.8	177/54.6	431/63.7
No	29/24.0	70/30.2	147/45.4	246/36.3
Total	121/100.0	232/100.0	324/100.0	677/100.0
Not responded:	0	5	3	8

Table 7.6.8: The New Subject about China in Further Study

New Subject about China	Ranking (number/percentage)			
	Bachelor	Master	HK Adults	Total
Accounting	1/1.1	12/7.7	36/20.3	49/11.5
Economics	27/29.3	34/21.8	39/22.0	100/23.5
Education	0/0	1/0.6	4/2.3	5/1.2
Management	24/26.1	21/13.5	26/14.7	71/16.7
Marketing	8/8.7	1/0.6	1/0.6	10/2.4
Other (Chinese Law and Politics)	15/16.3	32/20.5	33/18.6	80/18.8
Combined subjects of their Choice* (Accounting, Economics, Education Management, Marketing or Law)	17/18.5	55/35.3	38/21.5	110/25.9
Total	92/100.0	156/100.0	177/100.0	425/100.0
Not responded:	0	6	0	6

Note: (*) More than one subject was selected by respondents.

Summary

The demographic findings from all respondents in this study shows that the percentage of male respondents (56.6%) is slightly higher than female respondents (43.3%), particularly from those studying higher degree programmes (Table 7.1).

According to the Quarterly Report on The General Household Survey, 60.8% of Hong Kong's total employed population is male, accounting for 1,820,300 out of a total of 2,994,500 employed persons, while females account for 39.2% (Census and Statistics Department 1996, p. 22). This clearly indicates that the proportion of males in the overall employed population is comparatively higher than females, particularly in the occupation segments of managerial/professional or skilled workers. Among the total employed population, 28.3% belong to managerial/professional occupations, amounting to 846,700 persons. In this occupation segment, males number 576,400 persons or 68% of the total. This easily explains the demographic findings from Master degree respondents in which males are over 73.8%. The reason is simply due to the fact that 91% of Master degree respondents are employed in managerial/professional occupations.

In general, 55.3% of Bachelor degree respondents (Table 7.2.1) and 68.8% of Master degree respondents (Table 7.3.1) are in the age range between 30 and 39, but 84.4% of the Hong Kong adult group are aged under 29 (Table 7.4.1). This result clearly reveals that in higher levels of distance study in Hong Kong, the age of distance learners tends to be higher than for those in lower-level studies. In terms of respondents' education level, 63.1% of the Bachelor degree respondents have

post-secondary level education (Table 7.2.2), 49% of Master degree respondents have degree-level education (Table 7.3.2), and 43.4% of the Hong Kong adult group have post-secondary level education (Table 7.4.2). This finding of education level is not surprising in Master degree respondents as they are required to have post-secondary or degree level for entry to the programme. However, the findings from Bachelor degree and the Hong Kong adult groups are also by no means surprising. The target students for distance education programme in Hong Kong not only includes the market segment of lower-level education, but also already extends to the larger market segments of post-secondary education. At any rate, it is no coincidence that this finding is one of the important trends among Hong Kong's distance learners.

Concerning occupation, annual income and working experience, the findings depict apparently that Master degree students are better off than Bachelor degree students and Hong Kong adults. 91% of Master degree students are in managerial/professional positions (Table 7.3.3) and 71.7% of those have annual income over HK\$300,000 (Table 7.3.5) and 41.8% have 10 years' to 15 years' working experience (Table 7.3.7). Compared with Bachelor degree students, nearly 57% of these students are in managerial/professional positions and 24% of those have annual income over HK\$300,000 and 48.8% have annual income between HK\$150,000 and HK\$249,999; and 36.7% have 10 years' to 15 years' working experience (Table 7.2.3, Table 7.2.5 and Table 7.2.7). In comparison to Bachelor degree and Master degree respondents, 31.5% and 29% of the Hong Kong adult respondents are in managerial/professional and clerical positions respectively of which only 4% have annual income over HK\$300,000 and 67.2% have annual income below HK\$149,999; and 72% have

4 years' or less working experience (Table 7.4.3, Table 7.4.5 and Table 7.4.7). Furthermore, 36.8% of Master degree respondents (Table 7.3.4) need to work in China, while only 15.6% of Bachelor degree respondents (Table 7.2.4), and 12.1% of Hong Kong adult respondents (Table 7.4.4) need to do so.

From Hong Kong Government estimates, the middle/high income group (employed persons having an annual income over HK\$250,000) in Hong Kong numbers about 464,000 persons, being 15.5% of the total 2,994,500 employed population at the end of 1995 (Census and Statistics Department 1996, p. 26). Based on this standard of income level, over 81.7% of Master degree respondents earn over HK\$250,000, while only 36% of Bachelor degree respondents and 10.3% of Hong Kong adult respondents attain this income level (Table 7.3.5, Table 7.2.5 and Table 7.4.5). This shows that the current distance Master degree students lie in the middle/high income group of employees. They can be classified as employed persons of higher income (with annual income of over HK\$250,000).

Among all respondents, 56.8% consider that the most important factor of study is to advance educational qualifications (Table 7.5.1). When considering studying a distance education programme by important aspects, 44.8% of Bachelor degree respondents pick recognition of the degree awarded, and 43.6% of Master degree respondents select flexibility of study (Table 7.5.2). In evaluation of current study of a distance education programme, 63.5% of Bachelor degree and Master degree respondents wish that the course fees were below HK\$79,999 (Table 7.5.3). Among Bachelor degree respondents, 77% consider that the length of study for the current

Bachelor degree programme should be 4 years or more, while 89.5% of Master degree respondents consider that the length of their current Master degree programme should be 2 or 3 years (Table 7.5.4). All respondents state clearly that the use of Chinese and English language (60.4%) and a study centre with local tutorial support by a distance education institution (71.1%) are essential to the study of a distance education programme in Hong Kong (Table 7.5.5 and Table 7.5.6).

Among all respondents, 22.7% think that the completion of a distance education programme is helpful to gain a job promotion (Table 7.5.7). Concerning employers' attitude to distance education programmes, 21.1% of all respondents say that their employers rate a distance education programme lower and the most likely reason is the question of university status (45.9%) (Table 7.5.8 and Table 7.5.9). Three kinds of programme are considered by all respondents as most necessary for Hong Kong employees. These programmes include Master degree programmes (36.6%), business Bachelor degree programmes (26.4%), and professional examinations (25.2%) (Table 7.5.10).

Hong Kong's higher education would change after 1997 in the view of 29.8% of all respondents, and among them 38.9% believe it would change to a mixed system, most likely a mixed system incorporating Chinese elements. In fact, only 14.8% of all respondents believe that Hong Kong would retain a UK system after 1997 (Table 7.5.11 and Table 7.5.12).

Concerning the potential development of distance education programmes to China, 21.4% of Bachelor degree and Master degree respondents feel that the current distance education programmes they study would be effective training programmes for Chinese students. 59.6% expect that potential students would be managers in private companies. 54.1% consider that if the current distance education programme were launched in China, it should be modified, for example by translating it into Chinese, and the course fee for Chinese students should be lower than that paid by Hong Kong students (Tables 7.5.13 to 7.5.15).

In this chapter, the characteristics of all three respondent groups (Bachelor degree students, Master degree students and Hong Kong adults) have been discussed thoroughly and the resultant data of the evaluation of current distance education programmes and the intention to undertake further study that are relevant to the four research questions have been analysed and presented in tabular statistics (Tables 7.2.1 to 7.6.8).

Though the data findings of this chapter answer the four research questions (which have been derived from the main research question), there remains an important issue after this analysis. This is concerned with the strategy for tackling the university distance education market in the transition period. This issue will be discussed in detail and will contribute to the findings in the Extrapolation of Findings, Chapter Eight.

Chapter Eight

Extrapolation of Findings

Overview

This chapter looks at the relationship between the occupation segments of three groups (Bachelor degree students, Master degree students and Hong Kong adults) and their intention to undertake further study (Section 3 of the instrument).

Using a cross-tabulation analysis, a relationship between occupations of the three respondent groups and their intention to undertake further study can be analysed and the market change for Hong Kong's distance education can also be examined in detail in respect of the transition period. At the end of this chapter, implications will be drawn for the strategy of university distance education programmes in Hong Kong in and beyond the transition period.

Market Changes of Hong Kong's University Distance Education

The four purposes of this study have been clearly established in Chapter One. The first is to analyse the important environmental factors and trends affecting the university distance education market, the second is to evaluate university distance education programmes in the transition period, the third is to assess the potential for university distance education market in Hong Kong, and the last is to recommend appropriate programme strategies in the transition period. The first, second and third purposes have been analysed in detail in the previous chapters in this study and the remaining purpose will now be discussed in this chapter.

Today, Hong Kong has become an important university distance education market in Asia. Until 1995, about 132 internationally franchised university distance education programmes had been offered by non-local institutions to Hong Kong students and an estimated 17,009 students were engaged in them. With OLIHK enrolment in 1995 (20,085 students), more than 37,049 distance education degree students were recorded in Hong Kong. This was a significant number in terms of Hong Kong's total in higher education that year, 100,677 students (including those students from the Hong Kong Institute of Education, the two Technical Colleges, one Post-Secondary College, six Universities and two tertiary institutions) (Table 4.3: Hong Kong's Higher Education – Enrolment Trend (1984-1995), p. 107). Faced with the tremendous expansion of the university distance education market, it is necessary to examine the market change for Hong Kong's university distance education in the transition period and to recommend an appropriate programme strategy for future development. The extrapolation of

findings in this chapter therefore aims at examining the market change of distance education in the transition period and after 1997.

This study is one of the first analyses of Hong Kong's university distance education market to examine the market change for university distance education in the transition period. The data findings of the three groups of respondents in the last chapter already provide a solid analysis for programme evaluation and market potential in this study. This present chapter, however, looks at the relationship of two variables between the three groups, the first variable being occupation segment and the other variable the intention of the three respondent groups to undertake further study. Using the comparison of two variables in a cross-tabulation analysis, a relationship between respondents' occupation segment and distance education programme can be anticipated in this analysis. This not only provides an insight for assessing the market change for Hong Kong's university distance education, but also gives the direction for programme development in future. Implications for distance education programme strategy for Hong Kong's university distance education are drawn at the end of the present chapter.

Occupation Segments in Hong Kong

In Hong Kong, occupations can be classified into five major segments. These are: managerial/professional, clerical, operative/technical/skilled workers, elementary occupations (unskilled workers) and other. Table 8.1 shows that in 1996, an estimated 2,994,500 Hong Kong persons were employed in these five occupation segments. Among those employed, 60.8% were males, while 39.2% were females. In terms of occupation segments, 35.4% belonged to "operative/technical/skilled workers", which accounted for 1,058,900 persons, 28.3% were "managerial/professional" which numbered 846,700 persons, 18.4% were "clerical" which accounted for 550,700 persons, 17.6% were in "elementary occupations" and amounted to 526,700 persons, and 0.3% were "other" which accounted for 11,500 persons.

Table 8.1: Employed Persons by Sex and Occupation in Hong Kong (1996)

Occupation Segment	Male		Female		Total	
	'000	%	'000	%	'000	%
Managerial/professional (Manager and professional)	576.4	31.7%	270.3	23%	846.7	28.3%
Clerical	159.1	8.7%	391.6	33.4%	550.7	18.4%
Operative/technical/skilled workers (Services and shop sales workers, skilled agricultural and fishery workers, craft and related workers)	819.6	45%	239.3	20.3%	1,058.9	35.4%
Elementary occupations (unskilled workers)	256.9	14.1%	269.8	23%	526.7	17.6%
Other	8.3	0.5%	3.2	0.3%	11.5	0.3%
Total	1,820.3	100.0%	1,174.2	100.0	2,994.5	100.0%

Source: Census and Statistics Department, 1996, Quarterly Report on The General Household Survey, (Hong Kong, Census and Statistics Department), July to September 1996, pp. 20-22.

Cross-tabulation Analysis

Based on the five occupation segments, the three groups of Bachelor degree, Master degree students and Hong Kong adults can be linked individually to Section 3 of the instrument - Intention to Undertake Further Study.

A cross-tabulation analysis has been made by using their occupation segments and their intention to undertake further study. This combination provides a relationship analysis between the needs of current distance learners (including potential students) and their further studies. The findings can also be used to assess the potential market size of each occupation segment for distance education programmes. The result of the cross-tabulation analysis is then reprocessed from the SPSS output into tabular form (presented in Tables 8.1.1 to 8.3.7) using Microsoft Word 6.

Extrapolation of Findings from the Bachelor Degree Group (OLIHK BBA and Curtin BCom)

The findings from Bachelor degree group regarding their intention to undertake further study indicates that 50.8% of Bachelor degree respondents, amounting to 121, would make a decision to go on to further study after they complete the current distance education programme. In terms of occupation segments, 74 respondents (or 61.2% of the total) belong to managerial/professional occupations, 26 respondents (or 21.5% of the total) are clerical, 8 respondents (or 6.6% of total) are operative/technical/skilled workers, 11 respondents (or 9.1% of the total) are in elementary occupations, and 2 respondents (or 1.6% of the total) are other. (Table 8.1.1)

The further studies to be undertaken by these respondents are summarised in Tables 8.1.2 to 8.1.8. The major considerations of the programmes chosen for their further study are:

- Master degree level (98.4%),
- Local part-time (44.4%) or distance education study (43.6%),
- Hong Kong programmes (49.6%),
- Course fees between HK\$80,000 and HK\$99,999 (61.2%),
- 2 years' study (68%).

In addition, 76% of these respondents wish to see China content added to their further study, and the most popular subjects include China's Economics (27%), and Management (26.1%).

Obviously, further study on the part of Bachelor degree respondents is with a view to obtaining a Master degree, either by a local part-time or a distance education programme, and for a course fee of approximately HK\$80,000 to HK\$99,999, through 2 years' study.

In the demographic findings of Table 7.2.3 in the last chapter, the major occupation segments of Bachelor degree respondents were managerial/professional and clerical, who account for 57% and 25.8% of the total respectively. The extrapolation of findings in this chapter shows that 61.2% and 21.5% of the total respondents who decide to undertake further study are also in the managerial/professional and clerical segments respectively. It is, therefore, the managerial/professional and clerical occupations which are obviously the potential students of distance Bachelor degree or Master degree programmes in Hong Kong. In terms of employed persons, these two occupation segments occupy a dominating position in Hong Kong. It can be seen in Table 8.1 that 46.7% of total employed persons are in these two occupation segments, accounting for 1,397,400 persons. Among them, 846,700 persons are employed in managerial/professional posts (males: 576,400 persons; females: 270,300 persons), and 550,700 persons are employed in clerical posts (males: 159,100 persons; females: 391,600 persons).

**Table 8.1.1: Intention to Undertake Further Study
(Bachelor Degree Group)**

Occupation Segment	Yes	No	Row Total
Managerial/Professional	74	61	135 56.7%
Clerical	26	35	61 25.6%
Operative/technical/skilled workers	8	8	16 6.7%
Elementary occupations (unskilled workers)	11	11	22 9.3%
Other	2	2	4 1.7%
Column total	121 50.8%	117 49.2%	238 100.0%
Not responded: 7			

Table 8.1.2: Choice of Study Level (Bachelor Degree Group)

Occupation Segment	Diploma Level	Bachelor Level	Master Level	Row Total
Managerial/Professional	1	1	71	73 60.8%
Clerical	0	0	26	26 21.7%
Operative/technical/skilled workers	0	0	8	8 6.7%
Elementary occupations (unskilled workers)	0	0	11	11 9.2%
Other	0	0	2	2 1.7%
Column total	1 0.8%	1 0.8%	118 98.4%	120 100.0%
Not responded: 1				

Table 8.1.3: Preferred Study Mode (Bachelor Degree Group)

Occupation Segment	Local Full-Time	Local Part-Time	Distance Education	Overseas Full-Time	Row Total
Managerial/professional	2	33	32	4	71 60.7%
Clerical	4	8	12	1	25 21.4%
Operative/technical/skilled workers	0	3	4	1	8 6.8%
Elementary occupations (unskilled workers)	1	7	2	1	11 9.4%
Other	0	1	1	0	2 1.7%
Column total	7 6.0%	52 44.4%	51 43.6%	7 6.0%	117 100.0

Not responded: 4

Table 8.1.4: Preferred Country Programme (Bachelor Degree Group)

Occupation Segment	Australia	China	Hong Kong	USA	UK	Row Total
Managerial/Professional	5	6	35	14	8	68 59.1%
Clerical	6	0	12	4	4	26 22.6%
Operative/technical/skilled workers	1	0	3	3	1	8 7.0%
Elementary occupation (unskilled workers)	0	0	6	3	2	11 9.6%
Other	1	0	1	0	0	2 1.7%
Column Total	13 11.3%	6 5.2%	57 49.6%	24 20.9%	15 13.0%	115 100.0%

Not responded: 6

Table 8.1.5: Preferred Level of Course Fee (Bachelor Degree Group)

Occupation Segment	Below HK\$79k	HK\$80k to HK\$99k	HK\$100k to HK\$119k	HK\$120k to HK\$139k	HK\$140k to HK\$159k	Over HK\$160k	Row Total
Managerial/Professional	9	49	10	3	2	2	75 62.0%
Clerical	1	13	6	5	0	1	26 21.5%
Operative/technical/ Skilled workers	0	5	3	0	0	0	8 6.6%
Elementary occupations (unskilled workers)	0	6	4	0	0	0	10 8.3%
Other	0	1	1	0	0	0	2 1.6%
Column Total	10 8.3%	74 61.2%	24 19.8%	8 6.6%	2 1.6%	3 2.5%	121 100.0%
Not responded: 0							

Table 8.1.6: Preferred Length of Study (Bachelor Degree Group)

Occupation Segment	1 Year	2 years	3 Years	4 Years	More than 4 Years	Row Total
Managerial/Professional	3	42	20	8	2	75 62.0%
Clerical	1	13	10	1	0	25 20.7%
Operative/technical/skilled workers	0	5	3	0	0	8 6.6%
Elementary occupations (unskilled workers)	0	6	4	1	0	11 9.1%
Other	0	2	0	0	0	2 1.6%
Column Total	4 3.3%	68 56.2%	37 30.6%	10 8.3%	2 1.6%	121 100.0%
Not responded: 0						

Table 8.1.7: Preference for China Content (Bachelor Degree Group)

Occupation Segment	Yes	No	Row Total
Managerial/Professional	60	15	75 62.0%
Clerical	20	5	25 20.7%
Operative/technical/skilled workers	7	1	8 6.6%
Elementary occupations (unskilled workers)	5	6	11 9.1%
Other	0	2	2 1.6%
Column Total	92 76.0%	29 24.0%	121 100.0%
Not responded: 0			

Table 8.1.8: Preferred Subjects in China Content (Bachelor Degree Group)

Occupation of BBA Respondents	Economics	Accounting	Marketing	Mgt.	Other	Combined Subjects	Row Total
Managerial/Professional	17	1	6	15	10	9	58 63.0%
Clerical	8	0	2	6	3	2	21 22.8%
Operative/technical/ skilled workers	1	0	0	0	2	4	7 7.6%
Elementary occupations (unskilled workers)	1	0	0	2	0	2	5 5.5%
Other	0	0	0	1	0	0	1 1.1%
Column Total	27 29.3%	1 1.1%	8 8.7%	24 26.1%	15 16.3%	17 18.5%	92 100.0%
Not responded: 0							

Extrapolation of Findings from the Master Degree Group (OLIHK MBA, Curtin MAcc and Henley MBA)

The findings from the Master degree group regarding their intention to undertake further study show that 56.6% of them, in total 237, wish to study further. Of these, 226 respondents (95.3% of that total) belong to managerial or professional occupations, 5 respondents (2.1% of the total) have clerical occupations, 3 respondents (1.3% of the total) are operative/technical/skilled workers, and 3 respondents (1.3% of the total) are unskilled workers. (Table 8.2.1)

The nature of the further study these respondents wish to undertake is summarised in Tables 8.2.2 to 8.2.8. The major considerations in choosing a programme for their further study are:

- Doctorate degree (30.4%), Master degree (27.3%) or professional qualification (23.3%),
- Distance education study (58.2%), or local part-time (36.6%),
- Hong Kong programme (43.2%),
- Course fees below HK\$79,999 (63.7%) or between HK\$80,000 and HK\$99,999 (20.9%),
- 2 years' study (55.5%), or 3 years' study (26.2%).

Furthermore, 69.8% of these respondents wish to see China content added to their further studies, and the most popular such subjects include Combined Subjects (34.8%), Economics (22%), Other (Chinese Law and Politics) (21.3%), and Management (13.6%).

Evidently, the considerations in choosing further study for Master degree respondents are different from those of Bachelor degree respondents. Master degree respondents consider programmes more widely, including Doctorate degrees, Master degrees, or professional qualifications. Their preferred programmes are: distance education study in Hong Kong, course fees below HK\$79,999 (63.7%) or between HK\$80,000 and HK\$99,999 (20.9%), and study over 2 or 3 years.

In the demographic findings of Table 7.2.3 in the last chapter, about 91% of Master degree respondents were classified into the managerial/professional occupation segment. The findings in this chapter also show that 226 respondents (95.3% of the total) who wish to study further belong to the managerial/professional segment (Table 8.2.1). This finding indicates clearly that those in the managerial/professional occupation segment are the potential students for distance Master degree programmes or Doctorate degree programmes in Hong Kong. It is shown in Table 8.1 that 28.3% of total employed persons belong to this occupation segment, accounting for 846,700 persons. Among them, 576,400 persons are males and 270,300 persons are females.

Table 8.2.1: Intention to Undertake Further Study (Master Degree Group)

Occupation Segment	Yes	No	Row Total
Managerial/Professional	226	156	382 91.1%
Clerical	5	10	15 3.6%
Operative/technical/skilled workers	3	4	7 1.7%
Elementary occupations (unskilled workers)	3	10	13 3.1%
Other	0	2	2 0.5%
Column Total	237 56.6%	182 43.4%	419 100.0%
Not responded: 4			

Table 8.2.2: Choice of Study Level (Master Degree Group)

Occupation Segment	Diploma Level	Bachelor Level	Master Level	Doctorate Level	Professional Qualification	Row Total
Managerial/Professional	9	32	60	65	50	216 95.2%
Clerical	0	0	1	2	2	5 2.2%
Operative/technical/ skilled workers	0	2	0	0	1	3 1.3%
Elementary occupations (unskilled workers)	0	0	0	0	0	0
Other	0	0	1	2	0	3 1.3%
Column Total	9 4.0%	34 15.0%	62 27.3%	69 30.4%	53 23.3%	227 100.0%
Not responded: 10						

Table 8.2.3: Preferred Study Mode (Master Degree Group)

Occupation Segment	Local Full-Time	Local Part-Time	Distance Education	Overseas Full-Time	Row Total
Managerial/professional	1	82	127	11	221 95.2%
Clerk	0	0	5	0	5 2.2%
Operative/technical/skilled workers	0	1	2	0	3 1.3%
Elementary occupations (unskilled workers)	0	0	0	0	0
Other	0	2	1	0	3 1.3%
Column Total	1 0.4%	85 36.6%	135 58.2%	11 4.7%	232 100.0%
Not responded: 5					

Table 8.2.4: Preferred Country Programme (Master Degree Group)

Occupation Segment	Australia	China	Hong Kong	USA	UK	Other	Row Total
Managerial/Professional	12	28	95	50	26	7	218 95.2%
Clerical	1	0	3	1	0	0	5 2.2%
Operative/technical/skilled workers	0	0	1	2	0	0	3 1.3%
Elementary occupations (unskilled workers)	0	0	0	0	0	0	0
Other	0	1	0	2	0	0	3 1.3%
Column Total	13 5.7%	29 12.7%	99 43.2%	55 24.0%	26 11.4%	7 3.0%	229 100.0%
Not responded: 8							

Table 8.2.5: Preferred Level of Course Fee (Master Degree Group)

Occupation Segment	Below HK\$79k	HK\$80k to HK\$99k	HK\$100k to HK\$119k	HK\$120k to HK\$139k	HK\$140k to HK\$159k	Over HK\$160k	Row Total
Managerial/Professional	143	45	18	7	4	6	223 95.3%
Clerical	2	3	0	0	0	0	5 2.1%
Operative/technical/ skilled workers	2	1	0	0	0	0	3 1.3%
Elementary occupations (unskilled workers)	0	0	0	0	0	0	0
Other	2	0	0	0	1	0	3 1.3%
Column Total	149 63.7%	49 20.9%	18 7.7%	7 3.0%	5 2.1%	6 2.6%	234 100.0%
Not responded: 3							

Table 8.2.6: Preferred Length of Study (Master Degree Group)

Occupation Segment	1 Year	2 Years	3 Years	4 Years	More than 4 Years	Row Total
Managerial/Professional	24	124	60	10	7	225 95.3%
Clerical	0	4	0	1	0	5 2.1%
Operative/technical/ skilled workers	0	1	1	1	0	3 1.3%
Elementary occupations (unskilled workers)	0	0	0	0	0	0
Other	0	2	1	0	0	3 1.3%
Column Total	24 10.2%	131 55.5%	62 26.2%	12 5.1%	7 3.0%	236 100.0%
Not responded: 1						

Table 8.2.7: Preference for China Content (Master Degree Group)

Occupation Segment	Yes	No	Row Total
Managerial/Professional	155	66	221 95.3%
Clerical	3	2	5 2.1%
Operative/technical/skilled workers	3	0	3 1.3%
Elementary occupations (unskilled workers)	0	0	0
Other	1	2	3 1.3%
Column Total	162 69.8%	70 30.2%	232 100.0%
Not responded: 5			

Table 8.2.8: Preferred Subjects in China Content (Master Degree Group)

Occupation Segment	Economics	Accounting	Marketing	Mgt.	Other*	Combined Subjects**	Row Total
Managerial/Professional	31	12	1	20	33	52	149 96.2%
Clerical	3	0	0	0	0	0	3 1.9%
Operative/technical/ Skilled workers	0	0	0	1	0	2	3 1.9%
Elementary occupations (unskilled workers)	0	0	0	0	0	0	0
Other (unspecified)	0	0	0	0	0	0	0
Column Total	34 22%	12 7.7%	1 0.6%	21 13.6%	33 21.3%	54 34.8%	155 100.0%
Not responded: 6							

Notes: (*) Other included the subjects of Chinese Law and Politics.
 (**) More than one subject was selected by respondents.

Extrapolation of Findings from the Hong Kong Adult Group

A total of 327 Hong Kong adult respondents replied to the instrument. They have all been established to be potential students of distance education programmes in Hong Kong. The occupations of these Hong Kong adults occupy various segments. As can be seen in Table 7.4.3 in the last chapter, 31.5% of these respondents are managerial/professional posts, 29% are in clerical posts, 22.9% other are mainly housewives, 8.6% are in elementary occupations, and 8% are operative/technical/skilled workers. It is interesting to note that potential distance learners in Hong Kong include a potential segment of housewives or classified as “unemployed married women”. Though an accurate figure for housewives is not easily worked out, at the end of 1996 an estimation of 841,674 “unemployed married women” (including those widowed, divorced or separated) was deduced from Hong Kong’s total population of 6,217,556 persons. This segment of “unemployed married women” was in fact 13.5% of the total population in 1996 and provides an untapped market segment for the development of university distance education programmes. (Population By-Census Census 1997, pp. 13, 18 and 28)

The Hong Kong adults interested in university distance education programmes come from different occupation segments. This means that their choice of further study varies according to their needs and occupations. The further study intended by these respondents is summarised in Tables 8.3.1 to 8.3.7 and the major considerations for their choice of programme for further study are listed by the following occupation segments:

Managerial/Professional Segment

- Master degree or Bachelor degree
- Local part-time or distance education study,
- Hong Kong programme,
- Course fees below HK\$79,999,
- 2 years' study, or 3 years' study.

60.8% of these respondents (62 of the 102 respondents) wish to see China content added to further study, and the most popular such subjects include Management, Economics, Combined Subjects, and Other (Chinese Law and Politics).

Clerical Segment

- Bachelor degree or diploma level
- Local part-time or distance education study,
- Hong Kong programme, or USA programme
- Course fees below HK\$79,999,
- 2 years' study, or 3 years' study.

62.4% of these respondents (58 of the total 93 respondents) wish to see China content added to further study, and the most popular such subjects include Accountancy in China, Combined Subjects, and Economics.

Other Segment (being mainly Housewives)

- Bachelor degree or diploma level,
- Distance education or local part-time study,
- Hong Kong programme,
- Course fees below HK\$79,999,
- 2 years' study, or 3 years' study.

41.9% of these respondents (31 of the total 74 respondents) wish to see China content added to further study, and the most popular such subjects include Economics, Combined Subjects, and Other.

Elementary Occupation Segment

- Diploma or Bachelor degree
- Local part-time or distance education study,
- Hong Kong programme,
- Course fees below HK\$79,999,
- 2 years' study, or 3 years' study.

53.8% of these respondents (14 of the total 26 respondents) wish to see China content added to further study, and the most popular such subjects include Other (Chinese Law and Politics) and Management.

Operative/Technical/Skilled Workers Segment

- Bachelor degree, or diploma level,
- Local part-time or distance education study,
- Hong Kong programme, or USA programme,
- Course fees below HK\$79,999,
- 2 years' study, or 3 years' study.

38.5% of these respondents (10 of the total 26 respondents) wish to see China content added to further study, and the most popular such subjects include Economics and Management.

Table 8.3.1: Choice of Study Level (Hong Kong Adult Group)

Occupation Segment	Diploma Level	Bachelor Level	Master Level	Doctorate Level	Professional	Row Total
Managerial/Professional	9	37	42	3	10	101 31.8%
Clerical	30	39	10	1	11	91 28.6%
Operative/technical/ skilled workers	7	9	6	1	2	25 7.9%
Elementary occupations (unskilled workers)	12	11	4	0	1	28 8.8%
Other (mainly housewives)	15	35	8	5	10	73 22.9%
Column Total	73 23.0%	131 41.2%	70 22.0%	10 3.1%	34 10.7%	318 100.0%
Not responded: 9						

Table 8.3.2: Preferred Study Mode (Hong Kong Adult Group)

Occupation Segment	Local Full-Time	Local Part-Time	Distance Education	Overseas Full-Time	Row Total
Managerial/professional	2	64	30	5	101 31.6%
Clerical	5	63	21	4	93 29.1%
Operative/technical/skilled workers	1	12	11	2	26 8.1%
Elementary occupations (unskilled workers)	4	16	6	2	28 8.8%
Other (mainly housewives)	17	21	24	10	72 22.4%
Column total	29 9.0%	176 55.0%	92 28.8%	23 7.2%	320 100.0%
Not responded: 7					

Table 8.3.3: Preferred Country Programme (Hong Kong Adult Group)

Occupation Segment	Australia	China	Hong Kong	USA	UK	Other	Row Total
Managerial/Professional	14	3	40	23	19	2	101 32.0%
Clerical	14	8	27	25	15	1	90 28.5%
Operative/technical/ skilled workers	5	1	7	7	6	0	26 8.2%
Elementary occupations (unskilled workers)	3	2	11	2	9	0	27 8.5%
Other (mainly housewives)	11	3	30	11	15	2	72 22.8%
Column Total	47 14.9%	17 5.4%	115 36.4%	68 21.5%	64 20.3%	5 1.6%	316 100.0
Not responded: 11							

Table 8.3.4: Preferred Level of Course Fee (Hong Kong Adult Group)

Occupation Segment	Below HK\$79k	HK\$80k to HK\$99k	HK\$100k to HK\$119k	HK\$120k to HK\$139k	HK\$140k to HK\$159k	Over HK\$160k	Row Total
Managerial/Professional	67	20	10	2	1	0	100 31.3%
Clerical	78	9	4	1	0	1	93 29.2%
Operative/technical/ skilled workers	17	6	1	1	1	0	26 8.2%
Elementary occupations (unskilled workers)	23	0	2	2	0	0	27 8.4%
Other (mainly housewives)	51	12	5	4	0	1	73 22.9%
Column Total	236 74.0%	47 14.7%	22 6.9%	10 3.1%	2 0.6%	2 0.6%	319 100.0
Not responded: 8							

Table 8.3.5: Preferred Length of Study (Hong Kong Adult Group)

Occupation Segment	1 Year	2 Years	3 Years	4 Years	More than 4 Years	Row Total
Managerial/Professional	12	41	32	9	8	102 31.8%
Clerical	15	28	27	10	12	92 28.7%
Operative/technical/skilled workers	2	12	8	2	2	26 8.1%
Elementary occupations (unskilled workers)	3	12	7	1	4	27 8.4%
Other (mainly housewives)	13	29	17	9	6	74 23.0%
Column Total	45 14.0%	122 38.0%	91 28.3%	31 9.7%	32 10.0%	321 100.0%
Not responded: 6						

Table 8.3.6: Preference for China Content (Hong Kong Adult Group)

Occupation Segment	Yes	No	Row Total
Managerial/Professional	62	40	102 31.8%
Clerical	58	35	93 29.0%
Operative/technical/skilled workers	10	16	26 8.1%
Elementary occupations (unskilled workers)	14	12	26 8.1%
Other (mainly housewives)	31	43	74 23.0%
Column Total	175 54.5%	146 45.5%	321 100.0%
Not responded: 6			

Table 8.3.7: Preferred Subjects in China Content (Hong Kong Adult Group)

Occupation Segment	Economics	Accounting	Education	Mgt.	Other*	Combined Subjects**	Row Total
Managerial/ Professional	12	10	2	14	12	12	62 35.5%
Clerical	13	18	0	4	6	17	58 33.1%
Operative/technical/ skilled workers	3	1	0	3	2	0	9 5.1%
Elementary occupations (unskilled workers)	2	0	1	4	6	2	15 8.6%
Other (mainly housewives)	9	6	1	1	7	7	31 17.7%
Column Total	39 22.2%	35 20.0%	4 2.3%	26 14.9%	33 18.9%	38 21.7%	175 100.0%
Not responded: 0							

Notes: (*) Other included the subjects of Chinese Law and Politics.

(**) More than one subject was selected by respondents.

Implications

The most dramatic change affecting higher education has been the emphasis on market forces by opening enrolment and the increase in the number of higher education institutions. Kotler (1987, pp. 5-6) points out that strategy becomes an important issue for higher institutions when the education market is much more competitive. When the education market growth slows down or stops, capturing an increased share of the remaining market becomes the only way to achieve growth. Market competition eventually approaches a condition of stalemate, and this is a very difficult and costly situation for higher institutions. Aims to be achieved by a strategy should be very clear in that situation as they should be properly formulated to match the strengths of the higher education institution concerned, the external operative environment, and the needs of a clearly defined market. Ohmae (1992, p. 91), states that "in the construction of strategy, three main players must be taken into account: the corporation itself, the customer, and the competition." These three players form the basic elements of the Strategic Three Cs (Customers, Corporation and Competitor) in which each player aims to achieve superior performance, relative to the competition, in focusing on the key factor for success.

This is really important to note in respect of Hong Kong's university distance education market as it has been gradually transformed into market competition rather than remaining a purely academic phenomenon. By use of Ohmae's concept, a strategic triangle model of the Three Cs for Hong Kong's university distance education is drawn in Figure 8.1. The first C is the customer (a multiple segment

market), the second C is the particular university distance education institution, and the last C is the competitors (other university distance education institutions). Based on the analysis of market competition (either local or non-local institutions), some programme development strategies are proposed for the current and future situation of Hong Kong's distance education market.

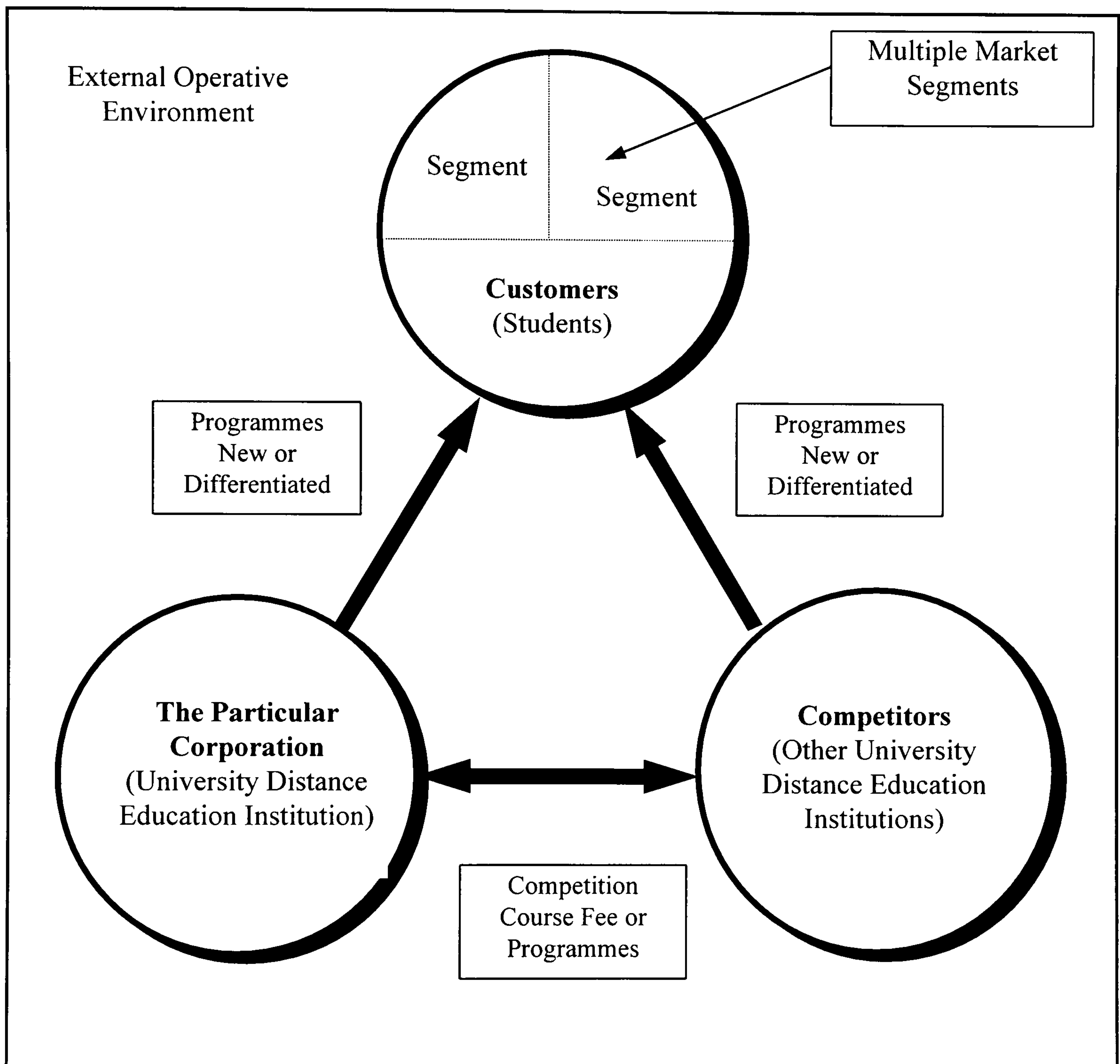


Figure 8.1: The Strategic Triangle Model of the Three Cs for Hong Kong's University Distance Education Market

Programme Development Strategy

Obviously, the need for higher degree-level programmes is very great on the part of Hong Kong's distance learners. The decision to undertake further study of Master degree programmes on the part of current Bachelor degree students shows this situation. Consideration should therefore be given to develop distance Master degree programmes for current students of distance Bachelor degree programmes. The target segments are largely identified as managerial/professional and clerical occupations among Bachelor degree respondents. Among these segments, most of the learners are between the ages of 30 and 39, have post-secondary level of education, and annual income of between HK\$150,000 and HK\$249,999. It would follow that distance Master degree programmes be developed for managerial/professional and clerical segments: Hong Kong programmes, course fees around HK\$80,000 to HK\$99,999, and accomplished in 2 years' study.

Consideration should also be given to development of both further Master degree and Doctorate degree programmes for current students of distance Master degree programmes. The intention to study either further Master or Doctorate degrees, by current Master degree students, is made clear in the analysis. The development of Doctorate degrees has, in fact, great potential for Hong Kong distance learners. This could be seen in the analysis of Chapter Four. Until 1995 there were about 132 internationally franchised university education programmes. Most of them were at Master degree level, and there were only three doctorates. The targeted segment is identified as being largely the managers and professionals among the Master degree respondents. They mostly lie between the ages of 30 and 39, have post-secondary

level of education, and annual income over HK\$300,000. This segment lies in the high-income stratum of Hong Kong's employed population and is above the Government's estimation of median annual income of managers and professionals (HK\$270,000) (Census and Statistics Department 1996, p. 29). It would follow that the distance Doctorate degree programmes for this segment should be Hong Kong programmes, with course fees about HK\$160,000, and course length of 3 years' study.

Hong Kong adults who are interested in distance education programmes come from different occupation segments. Their choice of further study varies according to their needs and occupation segments. Consideration should be given to repositioning the current distance education programmes, particularly at Bachelor degree or diploma levels. It would follow that different programmes should be developed to match the various occupation segments of Hong Kong adults. For the managerial/professional segment: a distance Master degree or Bachelor degree course, fees below HK\$79,999, accomplished in 2 or 3 years' study. For the clerical segments, other (being mainly housewives), elementary occupations, and operative/technical/skilled workers: a distance diploma course or Bachelor degree, course fees below HK\$79,999, and accomplished in 2 or 3 years' study.

Programme Pricing Strategy

Course fees for higher education are governed by the Hong Kong Government and tertiary institutions. All local tertiary institutions have to charge similar course fees for similar programmes and levels. However, the pricing strategy for university distance education programmes (local and non-local) is much more flexible than for local tertiary institutions. The course fees for university distance education programmes (including those of the OLIHK) are determined primarily by the competition between distance education programmes and the pricing strategy of any particular distance education institution. For instance, the whole course fee (1997 term) for the Henley distance MBA is £9,900 or about HK\$123,750, while the University of Hull's distance MBA is only £6,900 or about HK\$86,250. However, course fees for distance education programmes are essential to the revenue of distance education institutions. Profit is stated to be one of the major goals in operating distance education programmes. This profit results solely from enrolment. Some pricing strategies for distance education institutions' programmes are now suggested. These include: cost-based pricing strategy, profit-based pricing strategy, and competitor-based pricing strategy. Cost-based or profit-based pricing strategies are easily adopted, as they involve simply charging on the basis of cost, or profit added to the programme cost. Competitor-based pricing strategy is unusual, but is a most important pricing strategy for distance education institutions in the distance education market. This is because competitor-based pricing strategy is a market-orientation approach which relies on examination of both market potential and students' needs (Kotler and Fox 1995, pp. 8-10).

Promotion Focus Strategy

The need for profit in institutions with a commercial culture provides a way to find a new segment or extend the existing segment for their programmes. In this study, programmes leading to the degree qualification of the university distance education, to a certain extent, are poorly regarded by local employers. One of the main reasons quoted by all three respondent groups is university status. Until now, decision makers or leaders in distance education institutions have been overly simplistic concerning the employers' attitude to distance education programmes. In the absence of a profit orientation, the operation of distance education programmes would dry up. The promotion strategy, for the better distance education institutions, should nevertheless be concerned with building up confidence in the academic level of university distance education programmes and the close monitoring of them by a university's standard.

Promotion efforts should emphasise improvement to the facilities and services in tutorial support for distance students. The acute demand for such tutorial support and services is shown clearly in the findings. Tutorial support with a local tutorial centre is one of the most attractive elements of a distance education programme. Though the main feature of distance education study is separation of the teacher and student at a distance, the communication between lecturer and students has now become closer resulting from the introduction of new communication technology in distance education and programmes, for example, the Internet or electronic mail between student and teachers, between library and student (Pitt 1996, pp. 45-50).

Strategy Concerning Programme Structure and Content

In a bilingual society like Hong Kong, both Chinese and English are important. At present, nearly all distance learning material and courses of business degree programmes are written in English. The instruction mode is almost completely through the English language. Chinese versions of distance learning material and the bilingual language mode (in both English and Chinese) is much sought after according to these findings. This has become a very urgent need for distance students and for Hong Kong society in the transition period and beyond. Consideration should be given to developing Chinese versions or bilingual versions (English and Chinese) of distance learning material and courses for distance education programmes. In addition to the bilingual needs, course content about China, especially on China's Accounting, Economics, Education, Management, Law and Politics, are now necessary elements to be incorporated into distance learning materials. The findings in this study leave no doubt as to the trend in favour of subjects relating to China.

Chapter Nine

Further Discussion - Rapid Changes of the Hong Kong

Environment in the Post-Transition Period

Overview

Change is an on-going social and economic phenomenon, with pressures and demands from the internal and external environments. Hong Kong has experienced some fascinating changes. It has completed its industrialisation by a change through rapid economic development and social reforms in a stable political environment. In 1984, the political status of Hong Kong's future was resolved by the Joint Declaration between the British and Chinese Governments. Hong Kong became a Special Administrative Region of China on 1 July, 1997. With the embodiment of the political arrangement "one country, two systems", Hong Kong continues to be a vibrant capitalist enclave, an international trade and financial centre in Asia under the rule of Communist China.

The importance of the "one country, two systems" policy to China, according to Wilson (1993, p. 67), is a guarantee to Hong Kong people and the Western countries in that "it has greatly helped China's effort to convince Western opinion, and some Hong Kong Chinese opinion, that Hong Kong's future in the People's Republic of China will not be a too difficult one." The purpose of this chapter is to investigate the changing environment of Hong Kong during the transition period and examine the impact of the transition on the development of Hong Kong's higher education system

- Research Question Five of this study.

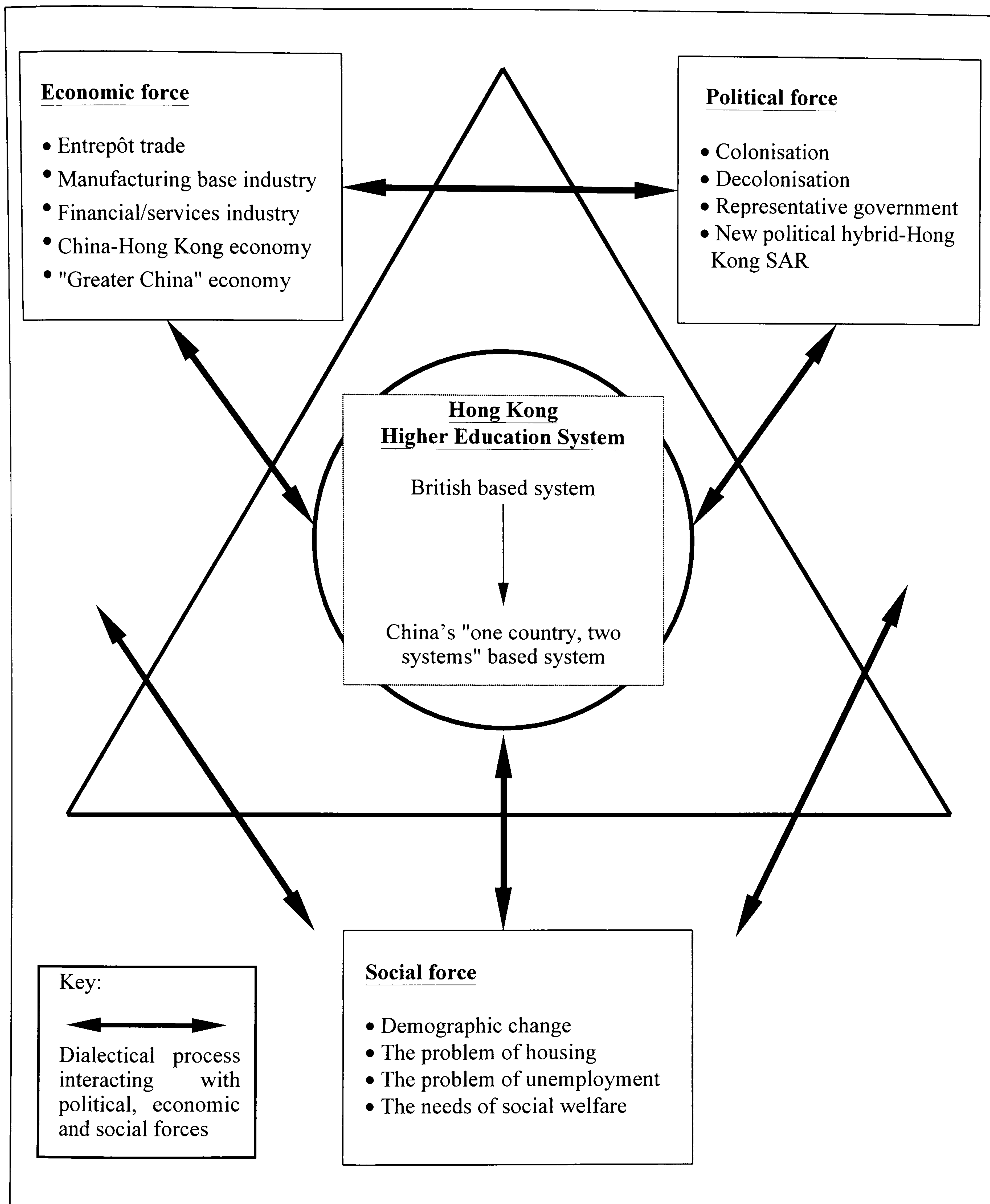
An Adaptation of Fägerlind and Saha's Dialectical Model for Hong Kong's Higher Education

The Dialectical Model of Education and Development Dimensions, developed by Fägerlind and Saha, traces the relationship of national development and education, linking three dimensions in society. These important dimensions are economic, social and political. Fägerlind and Saha (1989, p. 225) state that the model is "to answer the question as to how education functions in different kinds of societies, in particular capitalist and socialist, developed and less developed, and industrial and non-industrial."

The model by Fägerlind and Saha indicates that there is an important relationship between national development and education by the dialectical process of three development dimensions, political, economic and social. The word dialectic, defined by The New Shorter Oxford English Dictionary, is "a continuing unification of opposites; the existence or action of opposing forces or tendencies in society." (Clarendon 1993, p. 660). But Fägerlind and Saha (1989, p. 225) put it simply as "a logical principle which assumes that contradictions with their solutions in either systems of knowledge or in history are necessary if progress is to be achieved." Thus, the dialectical process is a driving force of change in society. This change can be seen as a way to find a solution to the problems in a society. In addition, the dialectical process in a society interacts with three important forces, political, economic and social. The speed of change, in fact, may vary according to different circumstances. A slow and step-by-step change may contribute to an improved system or structure for society, while a fast and reactionary change may lead to revolutionary consequences

and ultimately the overthrow of the existing system. The dialectical process can be operated in various kinds of social systems, for example, in capitalist or in socialist societies by building a typology of education and development between them. According to Fägerlind and Saha's typology, there are four kinds of society (developed capitalist, less-developed capitalist, developed socialist, and less-developed socialist) to be identified in terms of their development history, and relationship between education and development. Communist China, classified by Fägerlind and Saha's typology, can be placed as a "less-developed socialist society", while Hong Kong can be positioned as a "developed capitalist society".

Using the extensive amount of secondary data sources, a significant part of previous chapters has given a historical and empirical study for the development of higher education in Hong Kong and China. Combined with the subsequent analysis of this chapter, a Dialectical Model of Education and Development Dimensions for Hong Kong's higher education system in relation to three forces of dimensions can be pictured as in Figure 9.1. Fägerlind and Saha's model has furnished a theoretical framework for the examination of the transitional changes in Hong Kong's higher education system. This analysis provides an analytical framework to interpret the changing environment of Hong Kong and its interaction between important forces of three dimensions: political, economic and social forces and Hong Kong's higher education system in the transition period and beyond.



Source: The framework of the dialectical model is extracted from Fägerlind, I, and Saha, L J, 1989, *Education and National Development: A Comparative Perspective*, (Oxford, Pergamon Press), p. 227.

Figure 9.1: Dialectical Model of Education and Development Dimensions for Hong Kong's Higher Education System

The New Political Hybrid - "One Country, Two Systems" for Hong Kong Special Administrative Region (Hong Kong SAR)

Hong Kong has been described as a "Borrowed Place, Borrowed Times" (Hughes 1976, p. 1). It was ceded as a British colony by Imperial China in 1842, together with the leases of Kowloon (1860), and the New Territories (1898). Hong Kong Island was ceded on a permanent base, but the leases of Kowloon and the New Territories expired on 30 June, 1997. On 19 December, 1984, the Governments of Britain and China signed a Joint Declaration on the resolution of the question of Hong Kong's future. A Joint Liaison Group between China and Britain was founded in 1985 to co-ordinate all transitional arrangements and measures for the implementation of this agreement. A Basic Law Drafting Committee was set up by the National People's Congress of China in the same year. The purpose of this committee was, as required by the Joint Declaration, to draft a first constitution for the Hong Kong SAR - The Basic Law. Of the 59 members of this committee, 23 were from Hong Kong and the remainder were from China. These 59 members were given the task to convene a 180 strong Basic Law Consultative Committee. The most important task for the Basic Law Consultative Committee was to design the political system for the Hong Kong SAR and to transcribe the Joint Declaration into the Basic Law (Lau 1988, pp. 1-5).

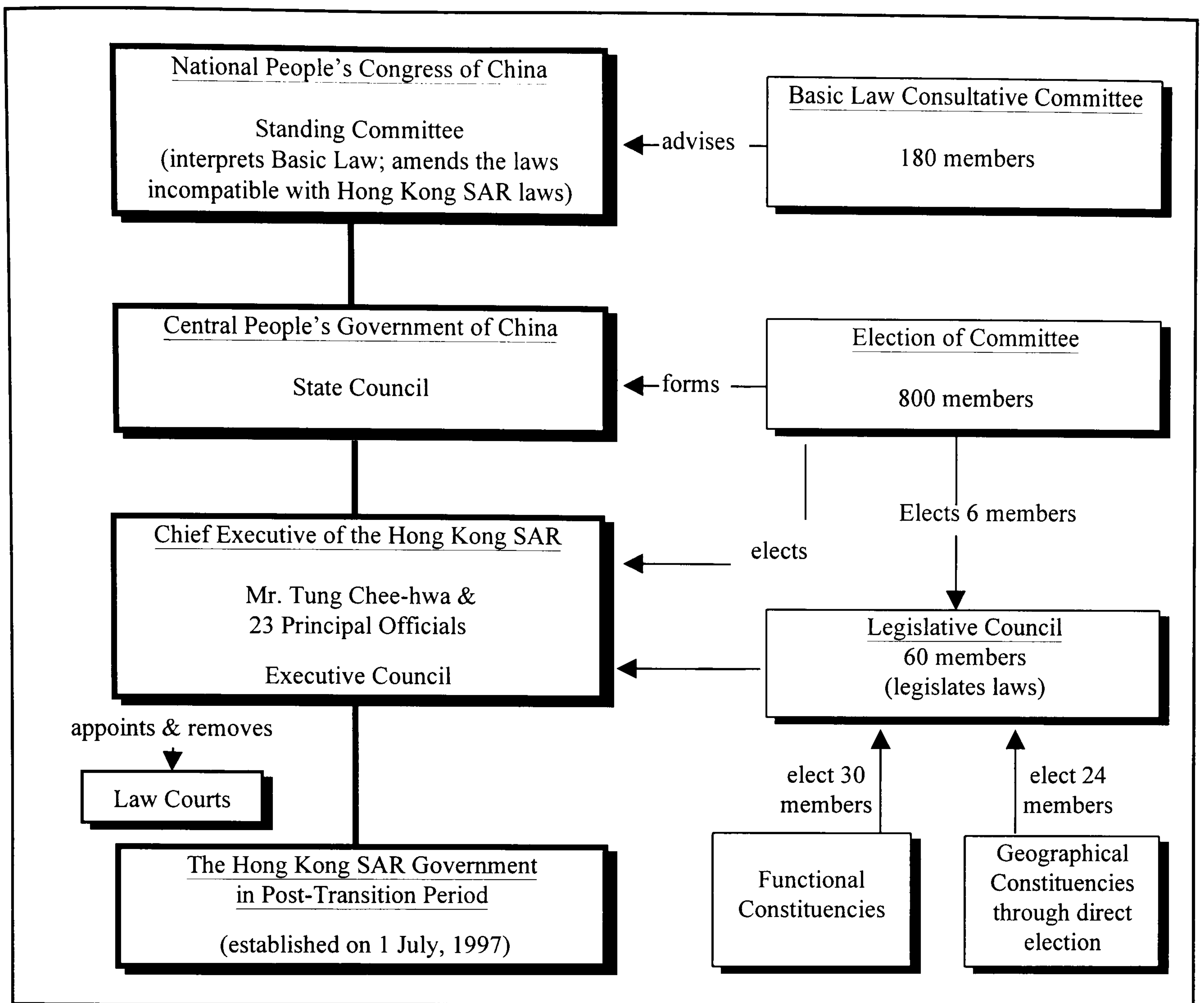
Politically, the "through train" was seen as an ideal arrangement for Hong Kong in the post-transition period. This arrangement would allow sitting members of the last Legislative Council under British rule to serve as members of the first legislature of the Hong Kong SAR. However, China's trust in Britain was lost in 1984 in a furious argument about Hong Kong's representative government. Britain wished to set up

a fully representative government in Hong Kong before its withdrawal in 1997. This was set out in a "Green Paper", The Further Development of Representative Government in Hong Kong, in November, 1984 (Government Secretariat 1984, p. 1). China reacted very strongly to this publication, seeing it as a conspiracy, and was mistrustful of British intentions. Every time Britain has since made a decision associated with the territory of Hong Kong, China has considered it as a trick played by London to enhance its own interests and to prolong its influence in Hong Kong. China saw it as the final move by Britain to entrench its system in Hong Kong when Christopher Patten, the last Hong Kong Governor, introduced a political reform package in 1992 without consultation with China. This brought about a long period of confrontation between the Governments of Hong Kong and Britain and that of China.

China finally decided to totally abandon the political leaders in Hong Kong that Britain has nurtured or those who were supported by London. Instead, China formed its own team of people in Hong Kong. An alternative power base, the "second stove", was established by the Chinese Government (Lo 1995, pp. 30-31). This "second stove" was made up of about 800 Beijing appointees. Of these, 20 appointees become members of the National People's Congress of China; 30 become members of the Provisional Working Committee (a working group concerned with transitional matters in Hong Kong); 100 become Hong Kong affairs advisors; and 670 become Hong Kong district affairs advisors.

In the first term election of the Provisional Legislative Council, a selection committee with 400 members was appointed by the Central People's Government of China.

These 400 members were mainly from the "second stove" composed of four categories of Hong Kong representatives: from industry, commerce and finance; professionals; labour, grassroots, religions and others; and former political figures, local National People's Congress deputies and representatives of the Chinese People's Political Consultative Conference. For the subsequent terms of the election, the selection committee is to be 800 members as enacted in the Basic Law, Annex 1. At the end of December, 1996, Mr. Tung Chee-hwa was elected as the Chief Executive-Designate of the Hong Kong SAR by the first 400 strong selection committee. All 60 members of the Provisional Legislature were also elected by the selection committee. Li Peng, Premier of China, promptly confirmed the appointment by Tung Chee-hwa of 23 principal officials for the post-transfer government. In fact, all the existing principal officials in the Hong Kong Government, except Leung Man-kin, the Commissioner of the Independent Commission Against Corruption (who retired), and Mr. J. F. Matthews, the Attorney-General (who retired) have maintained their positions in the post-transition period (Luk 1997, p. 6). Despite this smooth arrangement for Hong Kong principal officials, all existing members of the Hong Kong Legislative Council under the British Hong Kong rule were dismissed or "got off the train" on 30 June, 1997. An exception was made only for those members who declared their opposition to Christopher Patten's political reform package or joined in the "second stove" as pro-China elements. Nevertheless, the period of confrontation between British Hong Kong and China over the Hong Kong SAR political structure had finished. After more than 150 years of colonialism, Hong Kong has indeed entered into a new era in its history under the protection of the Basic Law - Hong Kong as a Special Administrative Region of China from 1 July, 1997.



Sources: One Country Two Systems Economic Research Institute, 1992, 'Chapter IV: Political Structure', The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, (Hong Kong, One Country Two Systems Economic Research Institute), pp. 19-35; and One Country Two Systems Economic Research Institute, 1992, 'Annexes I and II', The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, (Hong Kong, One Country Two Systems Economic Research Institute), pp. 57-60,

Figure 9.2: Political Structure for the Hong Kong SAR in the Post-Transition Period

The Basic Law, including a preamble, 160 articles, nine chapters and three annexes, is a framework for Hong Kong's political structure in the post-transition period. It explains the general principles of the Hong Kong SAR, its relationship with the Central Authorities of China, and the details of the Hong Kong SAR Political Structure: its economy, education, science, culture, sports, religion, labour and social

services, and also its external affairs. For the authoritative framework of the Hong Kong SAR, a political structure has been explained in Chapter IV: Political Structure of the Basic Law and also in Annexes I and II. Based on these descriptions in the Basic Law, Hong Kong's political structure in the post-transition period can be illustrated as in Figure 9.2. The Basic Law, in principle, is a document of compromise for Hong Kong's next 50 years. This compromise became an uncertain one after Deng Xiao-ping's death on 19 February, 1997. A US Government report, China in the Near Term, issued in January, 1995, declared that there are three possibilities for China in a post-Deng period. The first possibility is for there to be further reform, estimated as a 20% probability; the second is for there to be continuity of economic reform, estimated at 30% probability; and the last scenario is collapse, estimate at 50% probability (Cheung 1997, p. 2). Since 1979, China has instituted many important changes. The most important one, at Deng Xiao-ping's insistence, was China's decision to reopen its doors to the international community and to launch its "Four Modernisation" programme. Almost as important, Hong Kong and China have developed interdependent economic ties. China's leaders reassured Hong Kong people that they will continue Deng's policies of economic reforms, an "open door" with other countries, and "one country, two systems" for the Hong Kong SAR. The fact is that the post-Deng period still poses an unanswered question as to the political development of China, especially in the leadership transition in this socialist nation. Nelean (1997, pp. 30-31) reports the political situation of China in the post-Deng period as "one of the world's last communist dictatorships is remaking itself in a vacuum while surrounded by 1.2 billion people. The great mass of Chinese feel more and more distant from the rule of the party, by the party and for the party. They do not

think of themselves as full citizens, much less as participants in their own society. Until the Government establishes institutions with more legitimacy, with some voice for the people, it will be permanently unstable, no matter how collegial the leaders may seem."

At present, China is at the dawn of a new age in its political life. The leadership transition from the Deng era to President Jiang Ze-min is under way. But the leadership transition in Communist China will not be completed easily until one leader in the power struggle has gained the firm support of the People's Liberation Army (Lam 1995, pp. 393-400; Young 1997, p. 25). Furthermore, President Jiang is now confronted with many economic and social problems and needs to solve them quickly. These problems include social stability, the maintenance of stable economic growth, and the financial contradiction between regional provinces and central Government (Wang et al. 1997, pp. 135-156). The editorial of Asiaweek, on 7 March, 1997, p. 13, concludes that "the Chinese leadership must ensure that stability and economic development remain its top priorities. If those imperatives are jeopardised, China will be in deep trouble - as will be Asia and, perhaps, the world. But beyond that, the country needs to reform its anachronistic political system and move toward a more pluralistic society." No matter how well the Joint Declaration and Basic Law were written and no matter how good their promises, there is no argument but that the prosperity of the Hong Kong SAR depends upon China's political transition and the consent of its leadership now and in future.

Economic Integration of Hong Kong and "Greater China"

In 1978, the post-Mao Chinese leader, Deng Xiao-ping announced that China would open its doors to the outside world. This was an important change in Chinese economic policy, away from Mao's policy of self-reliance in the previous three decades. Starting with agriculture and then industry and setting up Special Economic Zones and opening up Coastal areas, these economic reforms not only reshaped the economic outlook of China, but also embraced the concept of "Greater China: China, Hong Kong and Taiwan". The first contemporary use of "Greater China" appeared in the Western world in the 1980s (Sito 1985, p. vii; Hughes 1987, p. 21). Thereafter, the term "Greater China" has become more popular in international affairs and the marketplace. According to World Bank projections made in 1993, "Greater China" net imports (total of imports and exports, minus re-exports) in the year 2002 will be US\$639 billion, compared to US\$521 billion for Japan. The Gross Domestic Product of "Greater China" is projected to be US\$9.8 trillion, compared to US\$9.7 trillion for the USA. If those forecasts hold, not surprisingly "Greater China" will become the largest economic bloc in the next century (Shambaugh 1995, pp. 1-7).

As can be seen in Table 9.1, the total foreign trade in 1994 (imports and exports) of "Greater China" amounted to US\$620.9 billion. This was a 7.4% share of total world trade and gave it fourth position after the USA (14.3%), Germany (9.6%) and Japan (8%). The "Greater China" GDP in 1994 had already reached US\$917.4 billion.

Table 9.1: Total Foreign Trade of "Greater China" in 1994

1994	China ^(a)	Hong Kong ^(b)	Taiwan ^(c)	Total
Population (in millions)	1198.5	6.06	21.17	12.26
GDP (in billions)	US\$540.9	US\$132.3	US\$244.2	US\$917.4
GDP per capita	US\$451	US\$21,835	US\$11,535	-
Foreign trade (imports and exports) (in billions)	US\$236.6	US\$205.9	US\$178.4	US\$620.9
Foreign trade by country (imports and exports) (in billions)	USA			US\$1,201.7 14.3%
	Germany			US\$807.8 9.6%
	Japan			US\$672.2 8.0%
	"Greater China"			US\$620.9 7.4%
	Other			US\$5,104.8 60.7%
	Total			US\$8,407.4 100.0%

- Sources: (a) State Statistical Bureau, 1997, Statistical Yearbook of China 1996, (The People's Republic of China, China Statistical Publishing House), pp. 811, 815, 824 and 827;
- (b) General Statistics Section, 1995, Hong Kong Social and Economic Trends 1995, (Hong Kong, General Statistics Section, Census and Statistics Department), October 1995, p. 3 and p. 91; Howlett, B, (ed.), 1997, Hong Kong Annual Report 1996, (Hong Kong, Information Services Department), p. 447; and
- (c) Taiwan Government Information Office 1997, The Republic of China Yearbook 1996, (The Republic of China, Taiwan, Government Information Office), pp. 15, 153, and 154.

Since the Chinese economic reforms, Hong Kong's total trade (imports, exports and re-exports) with China have presented an increasing trend. In 1987 the value was about HK\$205.5 billion, but by 1996 it had jumped to HK\$1,049.8 billion. During this period, the average percentage share of China in Hong Kong imports was 35.8%, in Hong Kong exports 22.9%, and re-exports 31.6%. China is the most important trading partner of Hong Kong and the largest in Hong Kong's external trade (Table 9.2).

Table 9.2: Hong Kong's External Trade with China (1987-1996)

Year	Imports HK\$ billion	% of Total Imports	Domestic Exports HK\$ billion	% of Total Imports	Re-exports HK\$ billion	% of Total Imports	Total Trade HK\$ billion	% of Total Trade
1987 ^(a)	117.4	31.1%	27.9	14.3%	60.2	32.9%	205.5	27.2%
1989 ^(a)	196.7	34.9%	43.3	19.3%	103.5	29.9%	343.5	30.3%
1990 ^(b)	236.1	36.8%	47.5	21.0%	110.9	26.8%	394.5	30.8%
1992 ^(c)	354.3	37.1%	61.9	26.5%	212.1	30.7%	628.3	33.4%
1994 ^(d)	470.9	37.6%	61.0	27.5%	322.8	34.1%	854.7	35.3%
1996 ^(e)	570.4	37.2%	61.6	29.0%	417.8	35.2%	1049.8	35.8%
Average		35.8%		22.9%		31.6%		32.1%

Sources: (a) Roberts, D, (ed.), 1991, Hong Kong Annual Report 1990, (Hong Kong, Information Services Department), p. 389;
(b) Roberts, D, (ed.), 1992, Hong Kong Annual Report 1991, (Hong Kong, Information Services Department), p. 422;
(c) Daryanani, R, (ed.), 1995, Hong Kong Annual Report 1994, (Hong Kong, Information Services Department), p. 460;
(d) Daryanani, R, (ed.), 1996, Hong Kong Annual Report 1995, (Hong Kong, Information Services Department), p. 489; and
(e) Publications Unit, 1997, Hong Kong Economic Trends, (Hong Kong, Publications Unit, Census and Statistics Department), p. 1.

The important role of Hong Kong for China is as a catapult in its economic development. Hong Kong is the largest foreign investor in China. Between 1990 and 1995, direct foreign investment in China increased nearly elevenfold, from US\$3,487.1 million in 1990 to US\$37,805.6 million in 1995. Of this investment in 1995, Hong Kong invested US\$20,185.1 million in China (53.4% of the total direct foreign investment of US\$37,805.6 million), while Taiwan invested US\$3,125.1 million, 8.3% of the total; Japan US\$3,212.5 million, 8.5% of the total; other South East Asia countries US\$2,625.4 million 6.9% of the total; Western Europe

US\$2,257.7 million, 6% of the total; and the USA US\$3,083.7 million, 8.2% of the total (Table 9.3).

Table 9.3: Direct Foreign Investment in China (1990-1995)

Country/Area (m=million)	1990 (US\$ m)	1991 (US\$ m)	1992 (US\$ m)	1993 (US\$ m)	1994 (US\$ m)	1995 (US\$ m)
Hong Kong	1,913.4	2,486.9	7,706.1	17,444.9	19,822.7	20,185.1
Taiwan	222.4	466.4	1,053.4	3,139.1	3,391.3	3,165.1
Japan	503.4	532.5	748.3	1,361.4	2,086.2	3,212.5
South East Asia ^(a)	60.5	87.8	187.3	1,005.8	1,871.6	2,625.4
Western Europe ^(b)	151.1	263.9	305.4	738.2	1,653.8	2,257.7
USA	456.0	323.2	519.4	2067.0	2,490.8	3,083.7
Other	180.3	205.6	771.7	2,014.4	2,629.4	3,276.1
Total	3,487.1	4,366.3	11,291.6	27,770.8	33,945.8	37,805.6

Note: (a) South East Asia comprises: Indonesia, Philippines, Malaysia, Singapore and Thailand.

(b) Western Europe comprises: Belgium, Denmark, the UK, Germany, France, Ireland, Italy, Luxembourg, the Netherlands, Spain, Austria, Sweden, and Switzerland.

Sources: State Statistical Bureau, 1993, *Statistical Yearbook of China 1992*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), p. 642;
State Statistical Bureau, 1995, *Statistical Yearbook of China 1994*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), pp. 528-629; and
State Statistical Bureau, 1997, *Statistical Yearbook of China 1996*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), pp. 591-599.

Wu (1987, p.145) has described clearly the role of Hong Kong as being "parallel to the free-exchange market, Hong Kong's prosperity is built upon free trade, a prerequisite of which is free access to the world's market and sources of supply." Additionally, this role permits the mainland Chinese to accomplish things which result in political and social development on their own soil through the connection

with the Western world through Hong Kong. Further, there is one aspect of China's relationship and communication with Hong Kong whose value cannot be underestimated. Hong Kong is a meeting place of "overseas Chinese" ties. The "overseas Chinese" have become an enormously influential element in the making of "Greater China". Traditionally, any person of Chinese descent living outside the borders of China is considered a "hua-chiao", or literally an "overseas Chinese". According to the statistics shown in Table 9.4, in 1992 there were over 35.5 million "overseas Chinese" world-wide: 86.3% located in Asia; 1.1% in Oceania; 10.5% in the Americas, 1.8% in Europe and 0.3% in Africa.

Table 9.4: World Distribution of "Overseas Chinese" in 1992

Area	Estimated Population	Percentage
Asia (not including Taiwan's Chinese, 20,640,000 persons)	30,635,000	86.3%
Oceania	403,000	1.1%
The Americas	3,731,000	10.5%
Europe	646,000	1.8%
Africa	94,000	0.3%
Total	35,509,000	100.0%

Sources: Asian Development Bank, 1994, Key Indicators of Developing Asian and Pacific Countries 1993, (UK, Oxford University Press), Volume XXIV, p. 84; and Taiwan Government Information Office, 1995, The Republic of China Yearbook 1994, (The Republic of China, Taiwan, Government Information Office), p. 185.

There is historical evidence of Chinese people emigrating from the mainland of China prior to the 14th century. It was not until the early 19th century that a population

explosion, famines, warlordism, foreign invasion, and political instability within China swelled the ranks of people seeking greener pastures in "Nanyang" or the South Seas. The Chinese emigrants dreamt of making their fortunes in new places and then returning to their homes in the coastal provinces of Guangdong and Fujian. Often paid less than labourers in the host country, the Chinese immigrants managed eventually to build up business empires and retained connections with their families or clans.

Table 9.5: "Overseas Chinese" Domination in the Economy of Pacific Rim Areas

Pacific Rim Areas	Population in 1996 (in million)	Percentage of Local Population	Business Output as Percentage of Local Economy
Hong Kong	6.2	98%	94%
Indonesia	8	4%	50%
Malaysia	6	32%	60%
Philippines	1	1%	40%
Singapore	2	76%	76%
Taiwan	21	99%	95%
Thailand	6	10%	50%
Vietnam	1	1%	20%
Total	51.2		

Source: Euromonitor 1997, *Consumer China 1997*, (London, Euromonitor PLC), p. 11.

Seagrave (1995, p. 4) points out the important standing of the "overseas Chinese" in Asian economies: "Their venture capital, factories, expert managers, and trade poured into the People's Republic of China from expatriate Chinese investors in Hong Kong, Taiwan, Singapore, Indonesia, Malaysia, Thailand, USA, Canada and Europe. Financially and organisationally, the 'overseas Chinese' dominate the entire Pacific

Rim, the world's biggest market and cheap labour pool." Today, the communities of "overseas Chinese" have become more prosperous and influential, particularly in the economy of Southeast Asian countries (Table 9.5).

The concept of "Greater China" is a regional economic integration rather than a political one. In economic terms, Hong Kong is a financial and international trade centre, Taiwan is one of the advanced technology manufacturers in Asia, while China is a mass provider of cheap labour (Taylor 1996, pp. 129-171). The success and emerging higher productivity of coastal China has been aided by the investment of "overseas Chinese". The importance of this today is that these "overseas Chinese" entrepreneurs have built up thriving businesses in Asia. They operate a long-established network of business relationships which have the family and clan as a base. Ebina (1994, p. 40) concluded that "overseas Chinese" companies are the most successful traders with the Chinese Government and market. Their investments, mainly from Hong Kong and Taiwan, have been made in a wide range of industries and infrastructure projects in the China market. Obviously, "overseas Chinese" share a cultural heritage with mainland Chinese and most speak the same language (the national language-Putonghua). They can more easily build up a personal relationship with China as indigenous partners. An understanding of "Quo Qing" (Chinese characteristics) and "Guanxi" (personal relationships) by these "overseas Chinese" is essential in co-operation and investments in the China market (Yan 1994, p. 52; Luo and Chen 1997, pp. 1-4). Unlike Western corporations, the "overseas Chinese" go back to their ancestral villages to make deals and to gather market information from their families and relatives. The understanding of "Quo Qing" and "Guanxi" makes

them very successful and flexible in China's trade business. Kao (1993, pp. 24-34) in his study of "overseas Chinese" delineates this important network as making a "Chinese commonwealth" in world business. Emigrant Chinese entrepreneurs have been operating a world-wide network of business relations on a family and clan base for many years. The massive number of "overseas Chinese" located throughout the world undoubtedly plays an essential role in helping the Chinese economic reforms and the Asian economic boom. The intensive investments from Taiwan, Singapore, Thailand, Malaysia, Indonesia and the Philippines in China reach it by the springboard of Hong Kong.

Since the Chinese economic reforms in 1979, a large number of Hong Kong and Taiwan manufacturers in labour-intensive industries have set up factories in South China to take advantage of cheap labour and low overhead costs. Though the 4 June Event in 1989 caused an adverse impact in foreign investment, loans and tourism in China, and even a confidence crisis in Hong Kong, China was quick to restate the important role of Hong Kong and the unchanged policy of the "open door" to Hong Kong and foreign investors. Beside being one of the largest investors of China (total investment about HK\$78 billion by 1991) and a vital trading partner, Hong Kong in its present state is of great financial value to China. By 31 March, 1997, the Land Fund for the Hong Kong SAR was estimated to have reached approximately HK\$142 billion, derived from Hong Kong Government property sales. Together with the Fiscal Reserves (HK\$150 billion at 31 March, 1997), the Hong Kong SAR had reserves of at least HK\$292 billion when it started to operate in 1997. China inherited a huge amount of Hong Kong treasury at 1 July, 1997 (Government Secretariat 1997, p. 21).

Sung (1991, p. 172) outlines the relationship between Hong Kong and China as that of "trading partner, middleman, financier, and facilitator". More than that, Hong Kong is a business meeting-point for "overseas Chinese" and Taiwan Chinese. The formation of "Greater China" comes about through economic activities between China, Hong Kong and Taiwan. Due to the political constraints on direct trade between China and Taiwan, Hong Kong is a springboard for Taiwan business in connection with the mainland. The value of indirect trade between China and Taiwan through Hong Kong is estimated at US\$17.9 billion for 1994, which is nearly 10% of Taiwan's total foreign trade (Taiwan Government Information Office 1997, p. 155).

Hong Kong is, for the Chinese economy, a means of international trade, a doorway to Western countries, and a bridge with Taiwan. Development of direct trade between China, Hong Kong and Taiwan could result in the emergence of a "Greater China common market." A formal common market could be established by the year 2000 and a "democratic United States of China" could be realised by 2050 (Hartland-Thunberg 1990, p. 97).

The Change in the Economy and Industrial Structure of Hong Kong

Since its early establishment, Hong Kong's manufacturing industry has faced many constraints. These include the lack of significant financial assistance from the Government, the absence of natural resources, a limited supply of land and a relatively small domestic market. In these circumstances, light manufacturing industries in Hong Kong developed a comparative advantage in flexible production and quick response to market changes. In 1996, the main manufacturing industries in Hong Kong, by export value, were predominantly producing light industrial products: textiles and clothing (39.1%); electronic products (24%); watches and clocks (3.5%); jewellery, goldsmiths' and silversmiths' wares (2.7%); printed matter (2.3%); metal manufactures (2%); plastic products (1.8%); electrical appliances (0.8%); and toys and dolls (0.8%). Together they accounted for HK\$163.4 billion in 1996 (shared 77% of Hong Kong's domestic exports and employed about 80.6% of the total manufacturing workforce (Howlett 1998, pp. 456-460).

The contributions made to Hong Kong's Gross Domestic Product (GDP) by major industry sectors are listed in Table 9.6. The change of industrial structure in Hong Kong's economy is clearly recorded by the GDP contributions of four industry sectors, namely manufacturing, construction, services and other between 1984 and 1995. Manufacturing's contribution to Hong Kong's GDP has remained fairly stable since 1989, but its percentage share of the total GDP has declined gradually, from 24.3% in 1984 to only 8.8% in 1995. Conversely, the service sector is growing quickly, from HK\$161.3 billion in 1984 (or 67.3% of the total GDP) to HK\$853.4

billion in 1995 (or 83.8% of the total GDP). Hong Kong's manufacturing sector used to be the largest employer before the 1970s, but it has been replaced by the services sector. The structural change in manufacturing's contribution to Hong Kong's GDP is a sign of its maturing economy, producing a critical impact on its employment market. This has resulted from the continuous shift of labour-intensive processes into South China, and by the increasing cost of production in Hong Kong.

Table 9.6: Hong Kong GDP Contribution by Industry Sector (1984-1995)

Industry Sector (b=billion)	1984 GDP HK\$ b	1989 GDP HK\$ b	1990 GDP HK\$ b	1991 GDP HK\$ b	1992 GDP HK\$ b	1993 GDP HK\$ b	1994 GDP HK\$ b	1995 GDP HK\$ b
Manufacturing	58.3	96.1	98.3	97.2	99.8	92.6	87.4	89.6
Construction	12.9	25.7	30.2	34.7	37.3	43.1	46.6	49.9
Services	161.3	364.6	416.6	484.5	557.7	676.4	792.5	853.4
Other	7.3	12.5	14.4	15.1	37.3	19.3	23.7	25.5
Total GDP	239.8	498.9	559.5	631.5	732.1	831.4	950.2	1,018.4

Sources: Census and Statistics Department, 1997, *Hong Kong in Figures*, (Hong Kong, Census and Statistics Department), April 1997, pp. 1-2; and General Statistics Section, 1995, *Hong Kong Social and Economic Trends 1995*, (Hong Kong, General Statistics Section, Census and Statistics Department), October 1995, p. 32.

An important point to note is that the contribution to Hong Kong GDP by the manufacturing sector does not take into account Hong Kong's investment in China. Hong Kong's outward processing with China has surged rapidly in the last two decades. Exports to China for outward processing refers to the exports of raw materials or semi-manufactured goods to the mainland for processing, with the resulting processed goods being then re-imported into Hong Kong. According to

Hong Kong Government statistics in 1996, the total value of imports from China was over HK\$570.4 billion (or 37.2% of the total value of imports) and the total value of exports to China (domestic exports and re-exports) was HK\$479.4 billion (or 34.3% of the total value of exports). Similarly, the total value of re-exports to China rose to HK\$417.8 billion (or 35.2% of the total value of re-exports). Among the categories of re-exports with China in 1996, consumer goods and raw materials/semi-manufactures were the major items, amounting to HK\$201.8 billion (or 48.3% of the total) and HK\$122.8 billion (or 29.4% of the total) respectively (Publication Unit 1997, p. 1; Trade Statistics Dissemination Section 1996, pp. 1-7).

Hong Kong and South China (Special Economic Zones in Guangdong) have integrated into an economic bloc due to increasingly close manufacturing operations and offshore trade. By the end of 1996, the cumulative value of Hong Kong's realised direct investment in China was estimated at approximately US\$100 billion, accounting for nearly three-fifths of the overall total for China. The share attributable to Hong Kong in Guangdong province was even larger, estimated at about 80%. Currently, some four million workers in Pearl River Delta regions are employed by Hong Kong manufacturers. Sung et al. (1995, p. 242) wrote that the economic build-up between Hong Kong and South China will eventually bring about the emergence of "the fifth dragon of Asia - Hong Kong and Guangdong" and explained that the cause of "China's economic take-off began in the Pearl River Delta, and the Delta has blazed a trail for other regions of China to follow."

The Hong Kong Government has adopted a "non-intervention" policy for industrial development for many years. Because of the competition in overseas markets and the booming of China's consumer market, Hong Kong manufacturers and workforces need to learn how to master the latest skills in production, marketing and sales, finance, computer-aided design and so on. This problem of the "brain-drain" became a crucial issue in the high-level training provided for the workforce after Hong Kong's industry emigration. An important report of Hong Kong industrial development, Made by Hong Kong, issued in May 1997, provided six recommendations to the Hong Kong Government, industry and educational institutions on how to strengthen Hong Kong's industry and workforce in the post-transition environment of Hong Kong (Berger and Lester 1997, pp. v-xiii):

- a) First, the capacity to create new products and processes in Hong Kong must be strengthened;
- b) Second, the capabilities of Hong Kong's industrial workforce must be upgraded;
- c) Third, Hong Kong must strengthen the public institutions of "safe harbour";
- d) Fourth, Hong Kong must increase the rate of formation of new technology-based enterprises;
- e) Fifth, more technological competence must be brought into government; and
- f) Sixth, the ability to bring technological expertise to Hong Kong from the West and from the People's Republic of China must be strengthened.

Underpinned by further economic integration with China in the post-transition period, the services sector will continue to be a major source of GDP output and employment growth in Hong Kong for the next century. As Hong Kong has been transformed from a manufacturing base to a financial and service centre, demand for unskilled or production labour will continue to fall. Hong Kong has to improve the efficiency of its workforce and upgrade the productivity of its industry in order to adapt this new challenge. Too often, it now takes a long time for the Government to acknowledge a problem and find a solution. But the problems of labour efficiency and industry productivity must be settled immediately, otherwise it will be hard to sustain the competitiveness of Hong Kong's industry and to maintain its supremacy in the economic growth over other Asian countries in the post-transition period.

The Rapid Change in Social Environment During Transition Period

The social aspects in Hong Kong are reflected obviously by the change of its demographic characteristics and the concerns of its people about society. Between 1986 and 1996, the demographic characteristics of Hong Kong have changed tremendously. Hong Kong's population in 1986 was about 5.5 million, in 1996 it reached 6.2 million, and in 2007 is predicted to reach over 8.3 million (estimated 700,000 persons from China). The continuous growth of Hong Kong's population is

due to internal migration from China. Between the period of 1991 and 1996, an increase of 543,000 persons was recorded in Hong Kong's population. Among them, about 274,000 persons migrated from China to Hong Kong.

The population of Hong Kong has aged in the last decade. The median age has risen from 28 in 1986 to 34 in 1996. This is because Hong Kong has had a continuously low fertility rate, an improvement in the mortality rate, and an increase in the number of people aged over 65. Because of increasing economic and independent capability, Hong Kong females now have greater opportunities for education and work. Thus, the proportion of the unmarried in the female group has increased substantially, particularly for the age bracket between 25 and 29. The proportion of the population aged 15 or above with secondary or higher-level education has improved from 56.7% in 1986, to 62% in 1991, and 68% in 1996. In addition to the rapid expansion of tertiary education in the last decade, the proportion of the population aged over 15 who has received tertiary education has increased significantly from only 9% (or 376,537 persons) in 1986 to 10.4% (or 490,891 persons) in 1991, and 15.2% (or 768,520 persons) in 1996. (Population By-Census Office 1997, pp. 8, 13, 18 and 24)

Economically, most domestic households in Hong Kong in 1996 generally enjoyed a sustained increase in income since 1986. The number of domestic households was an increase of 27.7% from 1,452,576 in 1986 to 1,855,553 in 1996. Also the average household size steadily reduced: 3.7 persons in 1986 and 3.3 persons in 1996. The median monthly household income in 1996 was HK\$17,500. This represents an increase of 239.1% over the HK\$ 5,160 in 1986. In terms of household income

distribution in 1986, there were 81.6% of Hong Kong households with income under HK\$10,000, 17.4% with income between HK\$10,000 and HK\$39,999, and only 1% with income over HK\$40,000. This situation had changed greatly in 1996: only 23.9% of Hong Kong household income was under HK\$10,000, 61.2% had income between HK\$10,000 and HK\$39,999, and over 15% had income over HK\$40,000. As measured by the Consumer Price Index (Composite), inflation rate averaged 6.3% in 1996, substantially above that of 3.8% in 1986. (Population By-Census Office 1997, p. 36 and p. 38)

Hong Kong's society is far from perfect. Many social problems have appeared in the wake of the environmental changes that Hong Kong's society has experienced during the transition period. These social problems will have to be solved or alleviated if Hong Kong wants to achieve further development. A study by the Asia Pacific Research Institute of the Chinese University of Hong Kong published on 27 December, 1996, showed that Hong Kong people's concern in the post-transition period are, in order of importance: the problems of housing (25%), unemployment (16%), improvement in standard of living (14.2%), economic development (9.8%), the needs of social welfare (7.1%), political stability in the post-transition period (5.4%), democracy for the Hong Kong SAR (3%), corruption (1.7%), the need for improvement in education (1.2%), and other (16.6%) (Li 1997, p. 2). As clearly indicated, the first four priorities for Hong Kong people are those areas relating to social and economic aspects, rather than political issues in the post-transition period.

In a small place like Hong Kong, accommodation for its 6.2 million population is not an easy question to solve. At the end of 1996, flat prices in most of the major residential developments surpassed their peak previous level in 1994. Compared with 1995, flat prices on average increased 32%. In 1996, the increase was an average of 37%. In the first quarter of 1997, the increase of flat prices was even higher, an average of 52% (Midland Realty 1997, p. 2). The problem of housing for most Hong Kong people has become much more serious as internal migration from China has been continuous. It is estimated that about 700,000 people will arrive Hong Kong from China during the period of 1997 and 2007. A Working Group on Housing Demand indicates that currently an average requirement of about 80,000 flats a year is required in Hong Kong between 1995 and 2006, and the supply does not match this. The Report, Homes For Hong Kong People: The Way Forward, issued by the Government in January, 1997, aims to provide a long-term housing strategy for Hong Kong's future. It shows that over 170,000 families (about 9.2% of all Hong Kong families in 1996) are still in squatter or temporary housing areas and about 150,000 applicants are on the waiting lists for public housing. The large number of Hong Kong households who are still inadequately housed is a cause of social tension in the post-transition period (Hong Kong Housing Branch 1997, pp. 10-11).

According to Table 9.7, the total workforce for Hong Kong has increased steadily from 1.8 million in 1975, to 2.5 million in 1985, and to 3 million in 1996. The actual size of the workforce depends on the size of the population who are of working age and the workforce participation rate. The labour participation of Hong Kong has

shown a slight down-trend from 62.1% in 1975, to 62.8% in 1985, and to 60.1% in 1996.

Table 9.7: Workforce and Unemployment in Hong Kong (1975-1996)

Year	Population (Aged over 15)	Workforce	Workforce participation	Unemployment rate
(a) 1975	2,982,000	1,852,000	62.1%	9.0%
(b) 1980	3,671,000	2,323,000	63.3%	3.9%
(b) 1985	4,051,000	2,543,000	62.8%	3.2%
(c) 1990	4,346,000	2,711,000	63.4%	1.3%
(d) 1995	4,962,000	2,944,500	59.3%	3.5% ^(f)
(e) 1996	5,066,000	3,043,000	60.1%	2.6% ^(f)

- Sources: (a) Census and Statistics Department, 1990, Hong Kong Annual Digest of Statistics 1989, (Hong Kong, Census and Statistics Department), p. 35;
- (b) Census and Statistics Department, 1992, Hong Kong Social and Economic Trends 1976-1986, (Hong Kong, Census and Statistics Department), pp. 10-12;
- (c) Census and Statistics Department, 1994, Hong Kong Social and Economic Trends 1982-1992, (Hong Kong, Census and Statistics Department), p. 12;
- (d) General Statistics Section, 1997, Hong Kong Monthly Digest of Statistics, (Hong Kong, General Statistics Section, Census and Statistics Department), February 1997, p. 8;
- (e) Population By-Census Office 1997, Summary Results of 1996 Population By-Census, (Hong Kong, Population By-Census Office, Census and Statistics Department), p. 28; and
- (f) Census and Statistics Department, 1997, Hong Kong in Figures, (Hong Kong, Census and Statistics Department), April 1997, p. 1.

Overall, the unemployment rate has improved greatly between 1975 and 1996: 9% in 1975; 3.9% in 1980; 1.3% in 1990; 3.5% in 1995; and 2.6% in 1996. But the issue of unemployment has become a crucial problem for those in the manufacturing industry. A report announced by the Hong Kong Industry Workers' Union in January, 1997, discovered that at the end of 1996 the unemployment rate of manufacturing workers was over 11.3% (Chin 1997, p. 7). While the median monthly income of Hong

Kong's employed population increased 269.2% between 1986 and 1996, amounting to HK\$9,500 in 1996, over 42.2% of Hong Kong employees earned between HK\$6,000 and HK\$10,000 a month, and about 24.9% of Hong Kong employees earned under HK\$6,000 a month in 1996 (Population By-Census Office 1997, p. 33).

Table 9.8: Hong Kong Employed Persons by Industry (1980-1996)

Industry Sector (persons)	(a) 1980 (000)	(b) 1985 (000)	(b) 1990 (000)	(b) 1991 (000)	(b) 1992 (000)	(b) 1993 (000)	(b) 1994 (000)	(c) 1995 (000)	(d) 1996 (000)
Manufacturing	907.5	918.8	751.0	715.7	650.6	596.9	570.2	572.3	574.8
Construction	190.5	191.8	226.0	224.4	231.3	223.2	225.6	240.0	245.3
Services	1,164.9	1,373.4	1,692.0	1,767.5	1,817.1	1,958.4	2,081.7	2,142.0	2,176.9
Other	60.1	59.3	42.5	40.9	39.3	37.6	37.9	40.2	46.0
Total	2,323.0	2,543.3	2,711.5	2,748.5	2,738.3	2,816.1	2,915.4	2,994.5	3,043.0
Unemployment rate	3.9%	3.2%	1.3%	1.8%	2.0%	2.0%	1.9%	3.5%	2.6%

- Sources: (a) Census and Statistics Department, 1990, *Hong Kong Annual Digest of Statistics 1989*, (Hong Kong, Census and Statistics Department), p. 35;
- (b) Census and Statistics Department, 1995, *Hong Kong Annual Digest of Statistics 1995*, (Hong Kong, Census and Statistics Department), pp. 16-17;
Census Planning Section, 1991, *Hong Kong 1991 Population Census, Main Tables*, (Hong Kong, Census Planning Section, Census and Statistics Department), October 1991, pp. 116-117;
- (c) Howlett, B, (ed.), 1997, *Hong Kong Annual Report 1996*, (Hong Kong, Information Department), p. 114;
- (d) Population By-Census Office, 1997, *Summary Results of 1996 Population By-Census*, (Hong Kong, Population By-Census Office, Census and Statistics Department), March 1997, p. 32; and
- (e) Census and Statistics Department, 1997, *Hong Kong in Figures*, (Hong Kong, Census and Statistics Department), April 1997, p. 1.

Table 9.8 outlines the number of persons employed by Hong Kong industry sectors between 1980 and 1996. In 1996, the strengthening in employment was particularly visible in the services sector of retail trade, restaurants and real estate sub-sectors. But employment in the local manufacturing sector continued to shrink, affected by slack

domestic exports and on-going relocation of the more labour-intensive production processes to the mainland. The number of employed persons in the manufacturing sector declined from 907,500 persons in 1980 to 574,800 persons in 1996 - a drop of 332,700. Similarly, the percentage share of manufacturing labour in Hong Kong industry decreased from 39.1% in 1980 to 18.9% in 1996. The services sector expanded its employment from 1,164,900 persons in 1980 to 2,176,900 persons in 1996, and its percentage share of total employment jumped from 50.1% in 1980 to 71.5% in 1996.

Because of the continuous emigration of manufacturing production to China, Hong Kong's economy has been shifting from a manufacturing-based one to a service-base since the 1980s. In 1996, the total workforce stood at more 3 million, of which 71.5% was in the services sector, 18.9% in the manufacturing sector, 8.1% in the construction sector and 1.5% in other sectors. With the continuing shift in industrial structure, more manufacturing workers will be eliminated from manufacturing industry or shift to other industries. Since 1985, the services sector has accounted for the majority of the total employment in Hong Kong. The shift of industrial structure and the result of unemployment is a reflection of the changing economy in Hong Kong. But the change also generates an arduous task for Hong Kong Government to solve. In 1996, about 830,000 employees reported as joining the occupational retirement schemes. This was only a 27.7% share of the total workforce in 1996. The first legislation for a Mandatory Provident Fund was enacted in April, 1997, and this will provide better protection for retired employees who have joined this fund. However, a joint study of 1996 unemployment in Hong Kong conducted by the Hong

Kong Polytechnic University, the City University of Hong Kong and the University of Hong Kong reported that the unemployment rate in Hong Kong was higher (at 6.5% in 1996) than the Hong Kong Government's published figure of only 2.6%. Obviously, the issue of unemployment has already become a serious social problem. (Tam 1997, p. 7)

Despite the economic development of Hong Kong, the standard of living of many Hong Kong people has not shown a marked improvement. An important indicator of household income between rich and poor, the Gini Coefficient in Hong Kong has got worse in the last two decades: 0.43 in 1971; 0.45 in 1981; 0.47 in 1991; and 0.52 in 1996 (Chou 1997, p. 9). Life for the lower income class has become even more difficult as the annual increment percentage of salary rises is below the inflation rate, and unemployment for unskilled labour has tended to rise. Not surprisingly, the current social problems have already inspired widespread anxiety in Hong Kong people during the transition period. Many of these problems will continue to worsen in the post-transition period. These social problems are not only an economic issue, but also a political one. It may lead to poverty and inequality, when people's income or their standard of living deteriorate rapidly. The shock waves of these problems can result in instability in Hong Kong society, and may become a hindrance to economic development and lead to social upheaval in the post-transition period if the present situation cannot be alleviated.

Conclusions

The last Hong Kong Governor, Christopher Patten, described his impression of Hong Kong as "Hong Kong, for all its imperfections, is a window on the future, for China, for the region. It is an island of stability and social progress, a model for anyone seeking to build a peaceful, prosperous and successful community. It would be a tragedy for far more than Hong Kong if anyone who has a hand in shaping Hong Kong's history today is blinded to that by remembrance of things past. Looking back at history can be an uncomfortable experience at the best of times, but the dangers come not from forgetting but from making history a tool of ideology, from attempts to rectify a past that is already fixed, rather than to respond open-heartedly to what the present has to offer, to welcome reconciliation and the building of new things." (Howlett 1998, p. 3).

Since 1979, China has reopened its doors to the outside world, adopted a market economy, and launched economic and education reforms. Hong Kong, by rapid economic development in the last three decades, has become one of the most important financial centres in Asia in the 1990s. But differences between capitalist Hong Kong and communist China are fundamental. One is a "Western" capitalist-educated society, the other is a populous socialist-educated society. These two entities have been integrated into one on 1 July, 1997 under the "one country, two systems" arrangement. Using Fägerlind and Saha's model, the three important dimensions, political, economic, and social, have been examined consecutively for Hong Kong environment in the transition period. In essence, the basic contention of Fägerlind and

Saha's model analysis has not suggested an integration process between capitalist and socialist societies. Reviewing this unique situation for Hong Kong, the following conclusions are drawn to give an insight into this integration process for Hong Kong's higher education system in the post-transition period, and into China's in the post-transition period.

As stated in the Basic Law, Hong Kong's current system can continue its present status for another 50 years. However, Hong Kong people look at this promise with suspicion, believing that some changes will occur in the immediate post-transition period. Particularly, the function of education in China has a unique role which Hong Kong people fear. Chinese education has been used as a tool for political struggle and ideological moulding, serving communist totalitarian control. Chinese education reforms came later (in 1982) than economic reforms (in 1979). The Chinese education reformers have been trying to slacken this tight control of the Chinese Communist Party and to improve the efficiency of China's education administration (Lin 1993, pp. 71-86).

In the post-transition period, it is no easy task to assess the course of development for Hong Kong's and China's higher education systems because there are many uncontrollable variables; for example, the transition of new leadership in China and the continuity of "open door" policy in post-Deng period. However, there is little doubt that Hong Kong in the post-transition period has led to more consideration of those influences in China (such as political stability from central Government, education and economic policy in post-Deng period). Hong Kong's education

practitioners should understand this influence and need to adapt to the gradually changing educational environment in the post-transition period. As with the close interaction with China in political, economic and social aspects in the post-transition period, Hong Kong's higher education system could have three alternatives for development with China's higher education system. The first development would be "One Country, One System" as illustrated in Figure 9.3. Hong Kong's higher education system would be merged into China's due to China's domination and supervision in the post-transition period. The present "Western" and British remains in Hong Kong's higher education system would be eased out and replaced gradually by Chinese influences.

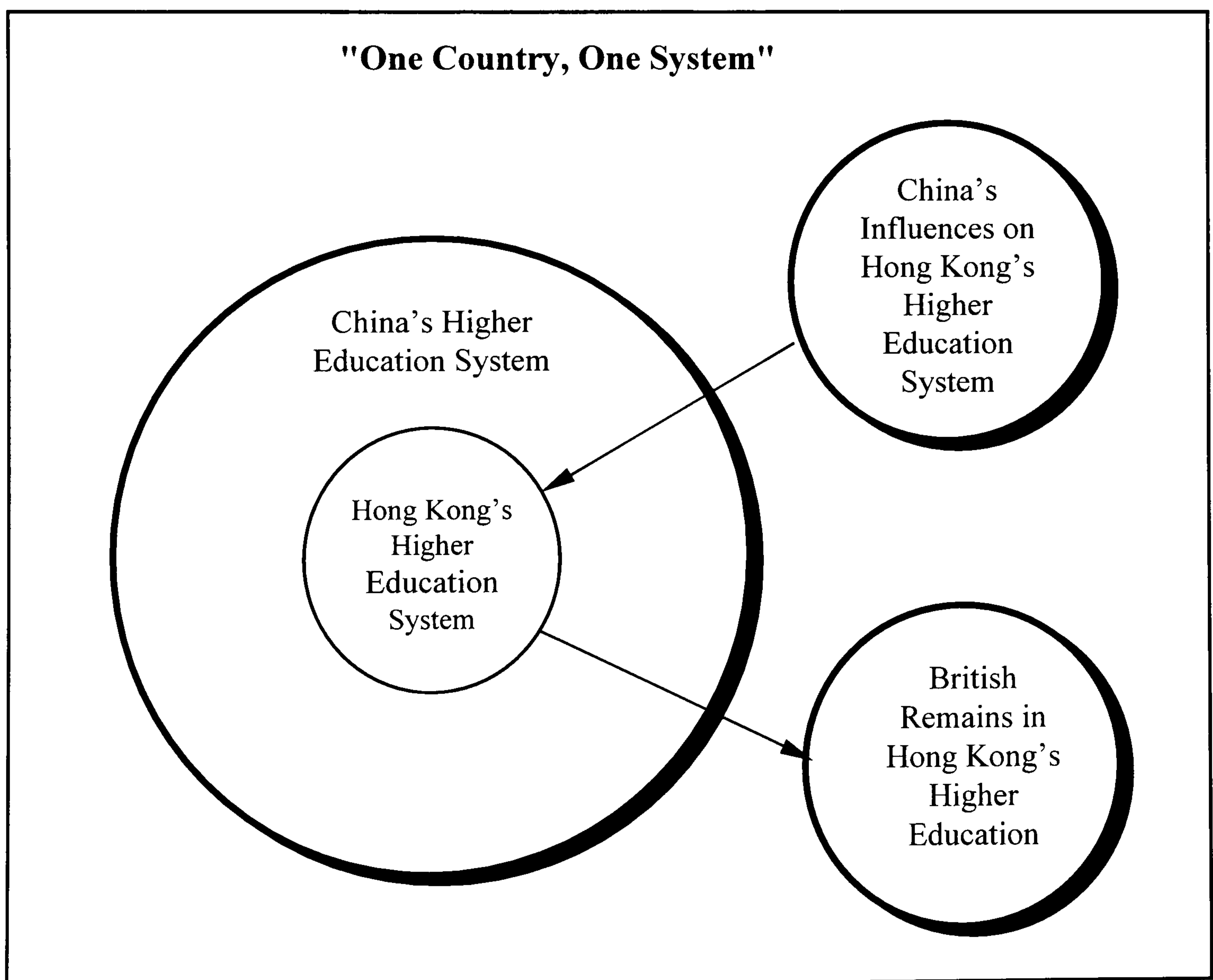


Figure 9.3: The Development of "One Country, One System" for Hong Kong's Higher Education System in the Post-Transition Period

The second possible development would be "One Country, Two Systems", as depicted in Figure 9.4, where Hong Kong would remain with its present "Western" higher education system, while China maintained its status quo. This situation would completely accord with Deng Xiao-ping's policy of "one country, two systems", allowing Hong Kong capitalism and "Western" education to continue for another 50 years, and China to carry on with its socialism and communist education for its 1.2 billion people.

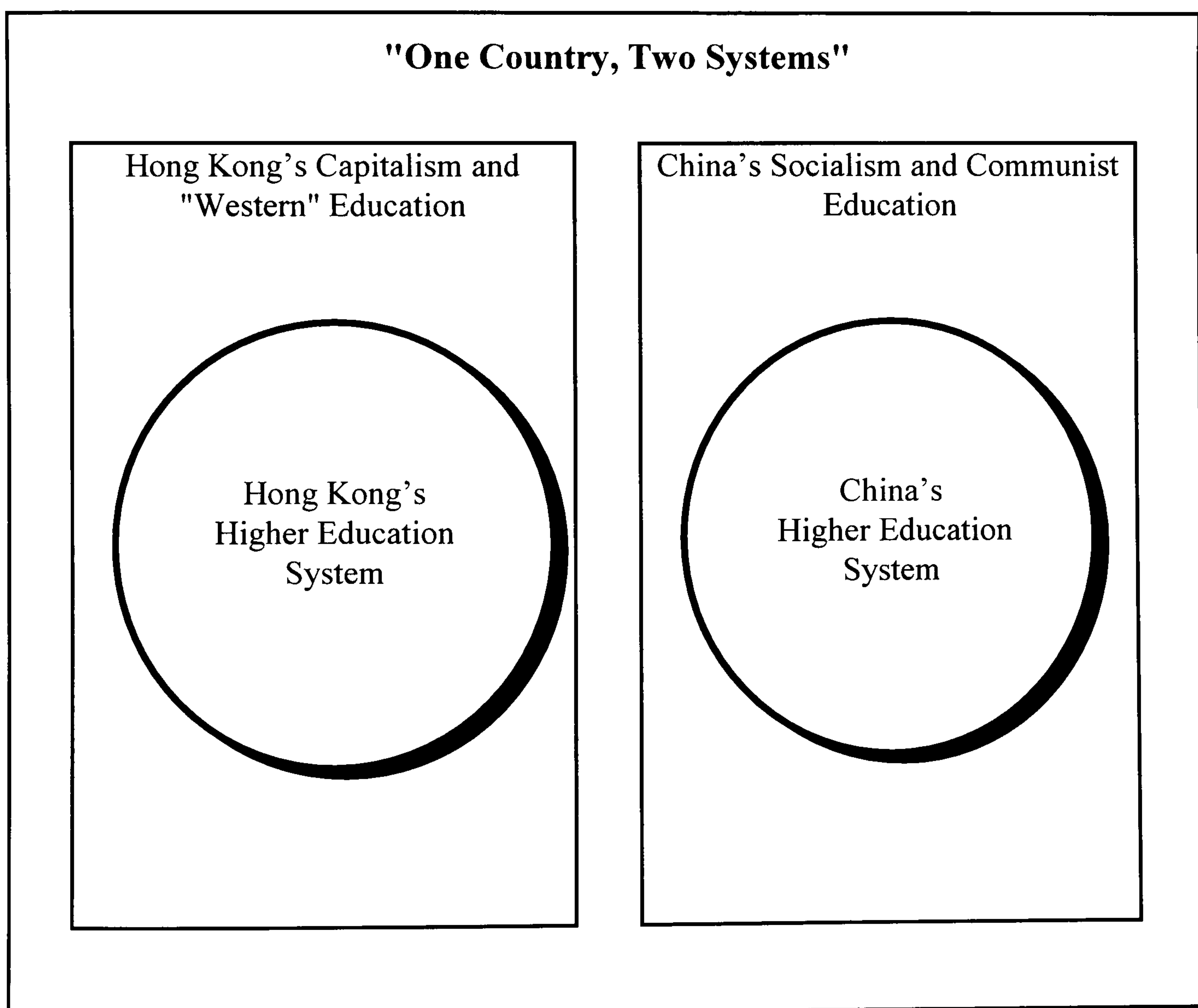


Figure 9.4: The Development of "One Country, Two Systems" for Hong Kong's Higher Education System in the Post-Transition Period

The third possible development would be "One Country, Many Systems", as drawn in Figure 9.5, where a common segment will result from intersection between Hong Kong's and China's higher education systems in the post-transition period. This common segment could be one or many mixed system(s) or partially combined system(s) of capitalist and socialist higher-education systems co-existing in either Hong Kong or China.

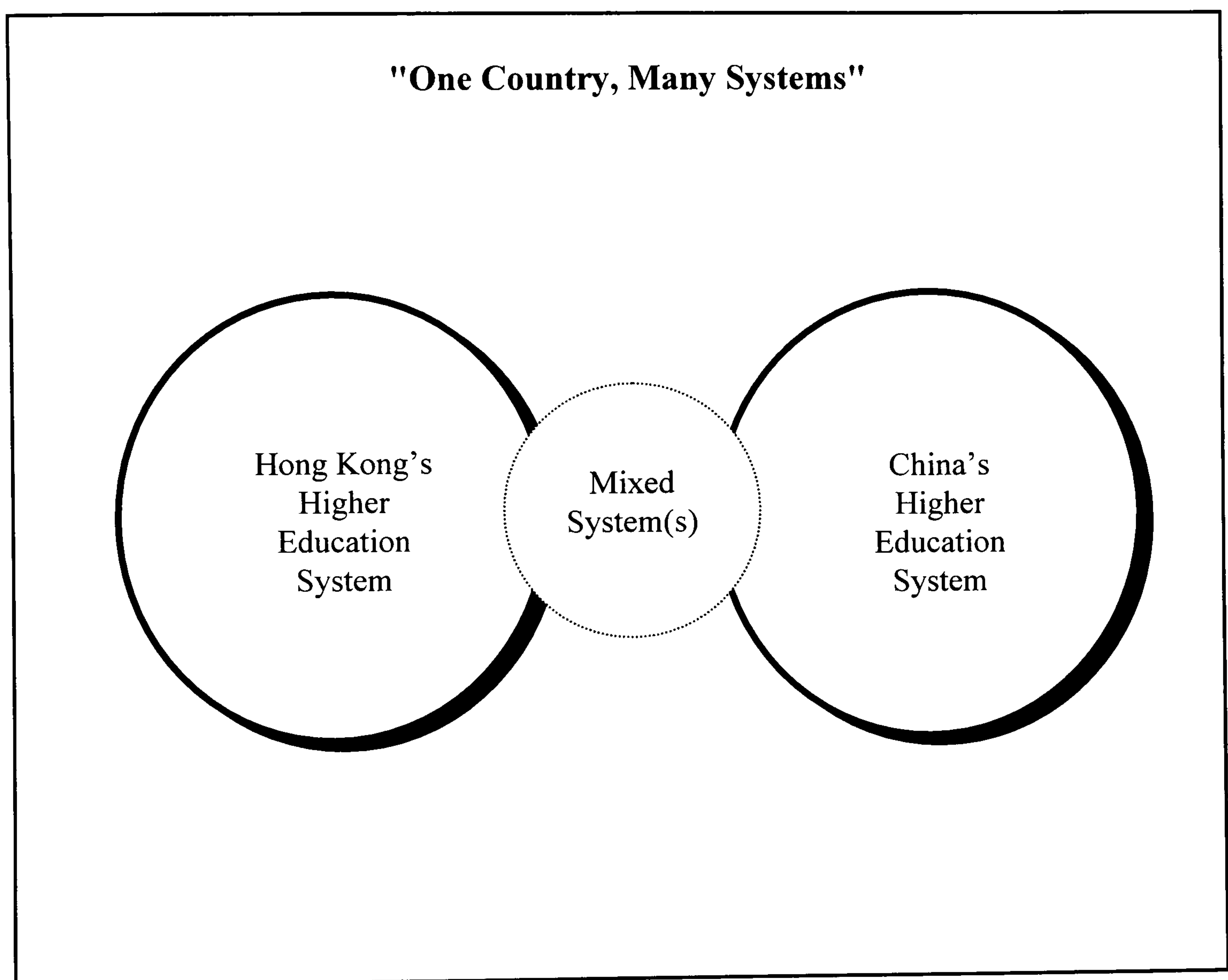


Figure 9.5: The Development of "One Country, Many Systems" for Hong Kong's Higher Education System in the Post-Transition Period

The sovereignty of Hong Kong has already been handed over to Communist China's rule. Hong Kong's higher education system is following the "one country, two systems" arrangement. However, it is too early to say this "one country, two systems" alternative is the most likely course of development for Hong Kong's higher-education system in the post-transition period. The findings from many of Hong Kong's distance education and potential students in this study show that they believe that the present higher-education system of Hong Kong would remain unchanged after 1997, but there is an equally strong view that the present Hong Kong higher-education system would be changed and the most likely change would be a mixed system, Hong Kong-and-China (Chapter Seven: Research Results, Research Question Three, pp. 184-185).

Yahuda (1996, p. 142) speaks of the impact of the transitional change for Hong Kong as being of the same importance to China, as "the reversion of sovereignty over Hong Kong to China will be a challenge not only to the people and institutions of Hong Kong, but also will be a profound test of the adaptability of the leaders, institutions and people of China itself." China's promised "one country, two systems" policy is taken for granted by Hong Kong people for the post-transition period. But the change of Hong Kong's higher education system may last for many years. A long-term study, of course, lies outside the boundaries of this study. The present chapter will hopefully serve to induce more research interest in further development of the post-transitional Hong Kong-China environment

Chapter Ten

Summary and Recommendations

Overview

The final chapter consists of six sections which collectively sum up the important findings of this study. In the Summary, the first section addresses five important issues: The Continuing Changing Environment in Post-1997 Hong Kong; The Development of Hong Kong's Higher Education; The Development of University Distance Education in Hong Kong; The Influence of the China Factor on Hong Kong's Development; and The Credibility of the Promise of "One Country, Two Systems".

Implications, the second section, provide three insights into the university distance education: Characteristics of Students' Profile in University Distance Education; Programme Development of University Distance Education, The Development of University Distance Education in Post-1997 Hong Kong.

The third section is entitled Recommendations and provides four directions for university distance education institutions: Strategic Planning for University Distance Education Institutions, Adaptation of Educational Institutions in the Changing Educational Market, Strategy Issues in Positioning University Distance Education Programmes, and Internationally Franchised University Distance Education Programmes in China.

The sections of Concluding Remarks, Limitations of this Research, and Suggestions for Future Research are placed at the end of this chapter.

Summary

The Continuing Changing Environment in Post-1997 Hong Kong

In the last decade, Hong Kong's higher education system has experienced a rapidly changing environment. Market competition has become fierce as the result of an increase in the number of tertiary institutions. The shift of Hong Kong's industry from the manufacturing to the service sector and the needs of a high-level workforce have put pressures on higher education institutions. In the post-transition period, the political, economic, social and educational interaction between China and Hong Kong will continue to broaden and intensify. China and Hong Kong's higher education systems remain different, under the "one country, two systems" policy. Further, Hong Kong's higher education system has been confronted with market challenges. William (1996, pp. 140-142) described these challenges as supply and demand influences. The supply influences on Hong Kong's higher education system included: scarcity of government funding and resources, competition between local higher education institutions and overseas university distance education institutions, and the recognition of China's higher education institution; while demand influences were: high-level training needs of workforce, needs of new disciplines, and the decline of students for university-level entrance. Higher education institutions are no longer "ivory towers". They have to look at education from a market perspective and adapt quickly to environmental changes, particularly in a new political environment. The decision-makers of higher education institutions have to re-assess their current market positions clearly and re-define their future development strategically. The continuing changing environment in the post-transition period could provide an opportunity for growth, not a threat of decline.

The Development of Hong Kong's Higher Education

The development of Hong Kong's higher education system can be seen in reference to its economic development. The early policy of Hong Kong's higher education system was to focus on an elite orientation. The first university, The University of Hong Kong, designed according to a very traditional British system, was established in 1911. The second university, The Chinese University of Hong Kong, was set up in 1963. In this elite orientation, the recruitment of students was undertaken on a highly competitive basis. When Hong Kong's economy took off during the 1970s, more demands from society and industry were made to increase students' vocational skills through higher education. The first polytechnic in Hong Kong, The Hong Kong Polytechnic, was founded in 1972, and the second, The City Polytechnic of Hong Kong, in 1984. However, the most critical period was in the late 1980s, when a very rapid expansion programme for higher education was undertaken by the Hong Kong Government. The focus of this policy was to increase the numbers of higher education students and institutions, a mass orientation. Matching this policy, The Open Learning Institute of Hong Kong was set up in 1989. It followed the basic ideas of The Open University, UK, by providing adult education on an "open admission" entrance basis – the spread of egalitarianism in higher education (Perry 1976, p.1). By 1997, Hong Kong had a total of 13 local tertiary institutions and post-secondary colleges that offered degree and post-graduate degree programmes. Of these, seven institutions had university status (including The Open University of Hong Kong - the only local university in Hong Kong to offer "open admission" entrance). In the post-transition period, the development of Hong Kong's higher education has still been progressive and should improve the educational level of Hong Kong's workforce.

The Development of University Distance Education in Hong Kong

In line with the "mass orientation" expansion of higher education in the 1980s, distance education has followed the trend. The first distance Master degree programme was launched in Hong Kong by The Asia International Open University (Macau) in 1983, and many internationally franchised university distance education programmes started to market their courses through local agents/operators or their own offices. Now, Hong Kong had become one of the largest internationally franchised university distance education markets in Asia. Though there is no official figure for the actual enrolment in non-local university distance education programmes in Hong Kong, the findings of this study in Chapter Four, The University Distance Education Market in Hong Kong, pp. 108-114, have examined and estimated that enrolment. Between 1994 and 1995, there were over 132 internationally franchised university distance education programmes being offered to Hong Kong's distance learners and 17,009 students had enrolled. Of these programmes, the UK was the largest provider (73 programmes with 7,920 students); Australia had the second largest share (41 programmes with 4,554 students); Macau was third (three programmes with 2,145 students); the USA had seven programmes with 900 students; China had six programmes with 640 students; and other countries had two programmes with 850 students. Taking into account the enrolment figure for The Open University of Hong Kong (formerly The Open Learning Institution of Hong Kong) in 1995 (20,085 students), the total number of distance students at the higher-education level was over 37,146. In comparison to enrolment numbers in 1995, the share between Hong Kong tertiary education and university distance education was

100,677 students and 37,146 students respectively. This represented a 27% share for distance students in the total enrolment figure for higher education course.

In the financial year 1994-1995, the Hong Kong Government spent HK\$9.8 billion (recurrent expenditure) on tertiary education. In contrast, the university distance institutions (local and non-local) provided 27% of the higher-education opportunities to Hong Kong people without any financial implications for or assistance from the Hong Kong Government. The Open Learning Institute of Hong Kong was supported by the Government's financial assistance during the period 1989 to 1992, but since 1993 it has been financially independent and changed its status to The Open University of Hong Kong on 30 May, 1997. With successful development in the last decade, Hong Kong's university distance education programmes have become one of the region's major higher-education providers. In the post-transition period, university distance education programmes in Hong Kong can thus achieve a self-financing way of providing higher educational training for Hong Kong's workforce.

The Influence of the China Factor on Hong Kong's Development

Since the beginning of the Chinese economic reforms, Hong Kong's society has served as a model for all mainland Chinese, as a catalyst and an accelerator in helping China's economy in connection with Western cultures. In the economic realm, Hong Kong's standing as a centre of international trade, finance, and media communications has been integrated with China's communist society. China is, in fact, exerting a strong influence on Hong Kong's existence and development, both directly and

indirectly. The Proletarian Cultural Revolution (1966-1976), the Chinese economic reforms and the "open door" policy (1979), the "one country, two systems" policy for Hong Kong (1984), and the 4 June Event (1989), have all had an extensive impact on the political, economic and social development of Hong Kong. The economic integration between Hong Kong and South China has further formed a firm interdependent relationship.

Over the 150 years of separation from the mainland and under the influence of Britain, Hong Kong has formed a unique "East and West" culture. Following the return of sovereignty to China, the "Western" capitalist Hong Kong has existed under a socialist system and communist rule. Various aspects of Hong Kong will inevitably change while others will not. The Basic Law states that Hong Kong's existing capitalist, political system, economic system, educational system and social lifestyle should remain unchanged for another 50 years. Hong Kong has become a Special Administrative Region (SAR) of China, and China has become the most influential factor affecting on the Hong Kong SAR. One cannot progress without change, but Hong Kong people want to know whether this change will be positive or negative.

The Credibility of the Promise of the "One Country, Two Systems"

During the last three decades, Hong Kong has achieved a great improvement in its economic and social environment. In the Heritage Foundation's Index of Economic Freedoms for 1996, the American Research Institute rated 140 world economies by 10 factors, including state trade policy, taxation, foreign investment, banking and

wages, and price controls; Hong Kong was judged to be the freest economy in the world (Fu 1997, p. 10).

In the 1990s, Hong Kong has established itself as one of the world's greatest international financial centres, after New York and London. The question as to whether Hong Kong's future prospects as a free economy and a capitalist society can be preserved in line with the intentions of the Basic Law cannot be answered affirmatively without qualification. Even if the "one country, two systems" policy offers a solution to the question of Hong Kong's future, it does not really introduce an autonomous, representative type of government for the Hong Kong SAR. The political and economic policy, carried out by the Chief Executive of the Hong Kong SAR, largely depends on the trust and confirmation of the central Government of China. Needless to say, the politics of China and Hong Kong contrast sharply. Hong Kong under the Hong Kong-British Government allowed serious confrontation from "radical" liberal activities in the name of democracy. If such political activism occurs in the post-transition period, will Hong Kong SAR suppress this as surely as China did in 1989? China is a one-party state, under the direct control of the Chinese Communist Party, or even a particular ruler. The Chinese Communist Party, whether under the leadership of Mao, Deng or Jiang defends the supremacy of the ruling class, not the people. This is the point of credibility that concerns Hong Kong people the most.

Implications

The study provides a factual account of the development of university distance education in Hong Kong and China. There are several implications for decision-makers, practitioners and academic scholars of university distance education.

Characteristics of Students' Profile in University Distance Education

Overall, the demographic profile from all respondents in this study shows that the proportion of male respondents (56.6%) is higher than female respondents (43.3%). The male proportion is relatively higher in the Master degree group. This is because the percentage of managerial/professional occupations is much higher (over 91%) in the Master degree respondents in which the percentage of males is 73.8%.

The findings from Bachelor degree respondents (OLIHK BBA, and Curtin BCom) show that over half of these respondents intend to undertake further study and their major programme considerations are Master degree level. In terms of their demographic profile, this study indicates that the majority of this group are between the ages of 30-39; post-secondary education; managerial/professional occupation; annual income between HK\$150,000 to HK\$299,999; finance or wholesale industry, more than 10 years' working experience. In addition, the findings from the Master degree respondents (OLIHK MBA, Curtin MAcc and Henley MBA) indicate that half of these respondents will undertake further study. The programme considerations are: Doctorate degree, Master degree or professional qualification. In terms of their

demographics, this study shows that the majority of this group are between the ages of 30-39; degree qualification; managerial/professional occupation; annual income over HK\$300,000; finance, manufacturing or wholesales industry; and over 10 years' working experience. In fact, the findings of Hong Kong adults interested in distance education programmes show that they come from different occupations. This means that their choice of further study varies according to their needs and occupations. In terms of their demographics, the majority of this group are under the age of 29; post-secondary education; managerial/professional occupation, annual income less than HK\$149,999; finance or wholesale; less than 4 years' working experience.

There are three main implications of this study:

Firstly, the findings imply clearly that the need for university distance education programmes is very great on the part of Hong Kong's distance learners during the transition period and in the years to follow. The demographic profile of the Master degree respondents show that their education level, annual income, and working experience are better than Bachelor degree respondents and Hong Kong adults. In consideration of the reasons for undertaking distance study, the most important factors are: advancement of educational qualifications, flexibility of study, and recognition of the degree award. Further to employers' attitudes to distance study, "university status" is given as the most essential reason. The implication of these findings provides a strong positive view of the programme design of university distance education in Hong Kong, the needs of different student segments in different programme levels, and even the promotion of "brand-name" universities in the market place.

Secondly, the findings concerning Master degree respondents (74% were male, 66% had degree and professional qualifications, 91% were managers, aged mainly between 30-39) is quite similar to the UK findings for part-time MBA students (77% were male, 65% had a degree, 68% were managers, age was an average of 35) (Lock 1996, pp. 165-202). Both the Hong Kong and UK findings indicate that Master degree students are mature managers (mostly male) with a degree or professional qualification. The findings in this study imply clearly that the managerial/profession occupation segment makes up the majority of the current and potential students for distance education study in Hong Kong. The number of this managerial/professional segment is very large in Hong Kong (over 846,700 persons in 1996), and it could provide the greatest number of potential students for the university distance education programmes in the post-transition period.

Thirdly, the findings of the “unemployed married women” segment in this study are important for the programme development in Hong Kong. This segment of Hong Kong’s distance learners is overlooked by most university distance education institutions or local higher institutions. Undoubtedly, this implies that an untapped market of distance learners, classified as “unemployed married women”, is one of the newest student segment in Hong Kong. As estimated in this study, this segment is large in number (estimated over 841,600 persons in 1996). The providers of university distance education programme should analyse the potential of the “unemployed married women” segment and develop appropriate programmes for this category. It should be noted that this segment could become an important student segment for university distance education programmes in the post-1997 period.

Programme Development of University Distance Education

The important findings of this study show that the Hong Kong's distance learners come from various occupational segments. Their choice of further study varies according to their needs and occupations. The important factors for distance education studying include: programme level, fee, length of study, and China's subjects in the programme (such as China's management, economic, accounting courses). As illustrated in Table 10.1, the findings of this study can provide important implications for the programme development of university distance education institutions.

Table 10.1: Implications for the Programme Development of Hong Kong's Distance Education Market

Potential Market Segments of Hong Kong's Distance Learners	Programme Development for Hong Kong's Distance Education Market
<u>Managerial/Professional Segment</u>	<u>Doctorate Degree Programme</u>
Market size estimation in 1996 846,700 persons	<ul style="list-style-type: none"> - Distance education study, or local part-time study, - Course fee at HK\$149,999 to HK\$199,999, - 2 year study or 3 years' study, - China's Management and Economic courses included, and - Mode of instruction: English.
	<u>Master Degree Programme</u>
	<ul style="list-style-type: none"> - Distance education study, or local part-time study, - Course fee at HK\$79,999-HK\$99,999, - 1 year study or 2 years' study, - China's Management and Economic courses included, and - Mode of instruction: English.
<u>Clerical Segment</u>	<u>Bachelor Degree Programme</u>
Market size estimation in 1996 550,700 persons	<ul style="list-style-type: none"> - Local part-time or distance education study, - Course fees at HK\$79,999-HK\$89,999, - 3 years' study, - China's Accounting and Economics courses included, and - Mode of instruction: English or English and Chinese.

Diploma Level Programme

- Local part-time or distance education study,
- Course fees at below HK\$39,999,
- 2 year's study,
- China's Law/Politics and Management included, and
- Mode of instruction: English or Chinese.

Other Segment (mainly Housewives)

"Unemployed married female"
Market size estimation in 1996
841,674 persons

Bachelor Degree Programme

- Distance education study or local part-time study,
- Course fees at HK\$79,999-HK\$89,999,
- 3 years' study,
- China's Economics course included, and
- Mode of instruction: English or English and Chinese.

Elementary Occupation Segment

Market size estimation in 1996
526,700 persons

Diploma Programme

- Local part-time or distance education study,
- Course fees at below HK\$39,999,
- 2 year's study,
- China's Law/Politics and Management included, and
- Mode of instruction: English or Chinese.

Operative/Technical/Skilled Workers Segment

Market size estimation in 1996
1,058,900 persons

Bachelor Degree Programme

- Local part-time or distance education study,
- Course fees at HK\$79,999-HK\$89,999,
- 3 years' study,
- China Economics and Management included, and
- Mode of instruction: English or Chinese.

Sources: Chapter Seven: Research Results, pp. 161-203 and Chapter Eight: Extrapolation from Findings, pp. 204-235.

The Development of University Distance Education in Post-1997 Hong Kong

In 1994-1995, 132 internationally franchised university education programmes have launched to Hong Kong, and 17,009 students enrolled. The market growth of

university distance education has attracted more internationally franchised university distance education institutions to market their programmes in Hong Kong. However, their development will be affected by the Non-Local Higher and Professional Education Ordinance which will be implemented on 1 June, 1998. All non-local university distance education programmes and their agents/operators will have to be registered in Hong Kong. If a course agent/operator conducts any university distance education programme without the prior approval of the Registrar, the agent/operator will be deemed to have committed an offence and will be liable to a fine of HK\$25,000 and imprisonment for six months (Non-Local Course Registry 1997, p. 6).

The implications of the new regulation will set not only a new application procedure and an additional registration cost, but will also change the international collaboration of university distance education in Hong Kong in the post-transition period. The reason for this is simply due to the fact that collaboration between local tertiary institutions can be exempted from this regulation. Many non-local university distance education institutions are seemingly seeking to co-operate with local tertiary institutions in order to maintain their competitiveness. Another implication is that a few unqualified programmes, for example, the MBA programme of Newport University (USA) have withdrawn from Hong Kong or have modified their programmes to become “purely correspondence study” which will be exempt from the regulation.

Recommendations

This research study explored the development of university distance education programmes in Hong Kong in the transition period. Based on its findings, the following recommendations are made for policy-makers, practitioners and academic scholars of university distance education.

Strategic Planning for University Distance Education Institutions

It is recommended that university distance education institutions need to develop a specifically long-range plan using strategic planning method. This method looks at the competitive position with a long-term view and advises how to allocate internal resources more efficiently (Elia 1981, pp. 86-97; Moore et al. 1990, pp. 35-36). Strategic planning can help the university distance education institutions to cope with the rapidly-changing educational environment. It also shows how to achieve the strategic objectives by a selected development strategy in relation to the external environment and internal institutions' resources.

Strategic planning for university distance education institutions is composed of three main processes, as depicted in Figure 10.1. These three processes include: Strategic Analysis (internal institution's analysis, external environmental analysis, and formulation of strategic objectives), Strategy Choice (formulation of strategic objectives, evaluation and selection of a development strategy), and Strategy Implementation (monitoring and controlling the performance). Strategic planning is

concerned with examining the educational market with a long-term view, focusing on customers' needs, allocating internal resources, and in particular with directing the whole educational institution from its current position to a desired future position. Using the concept of strategic planning, a university distance education institution in Hong Kong can disburse its internal resources more efficiently and respond to the external environment more effectively.

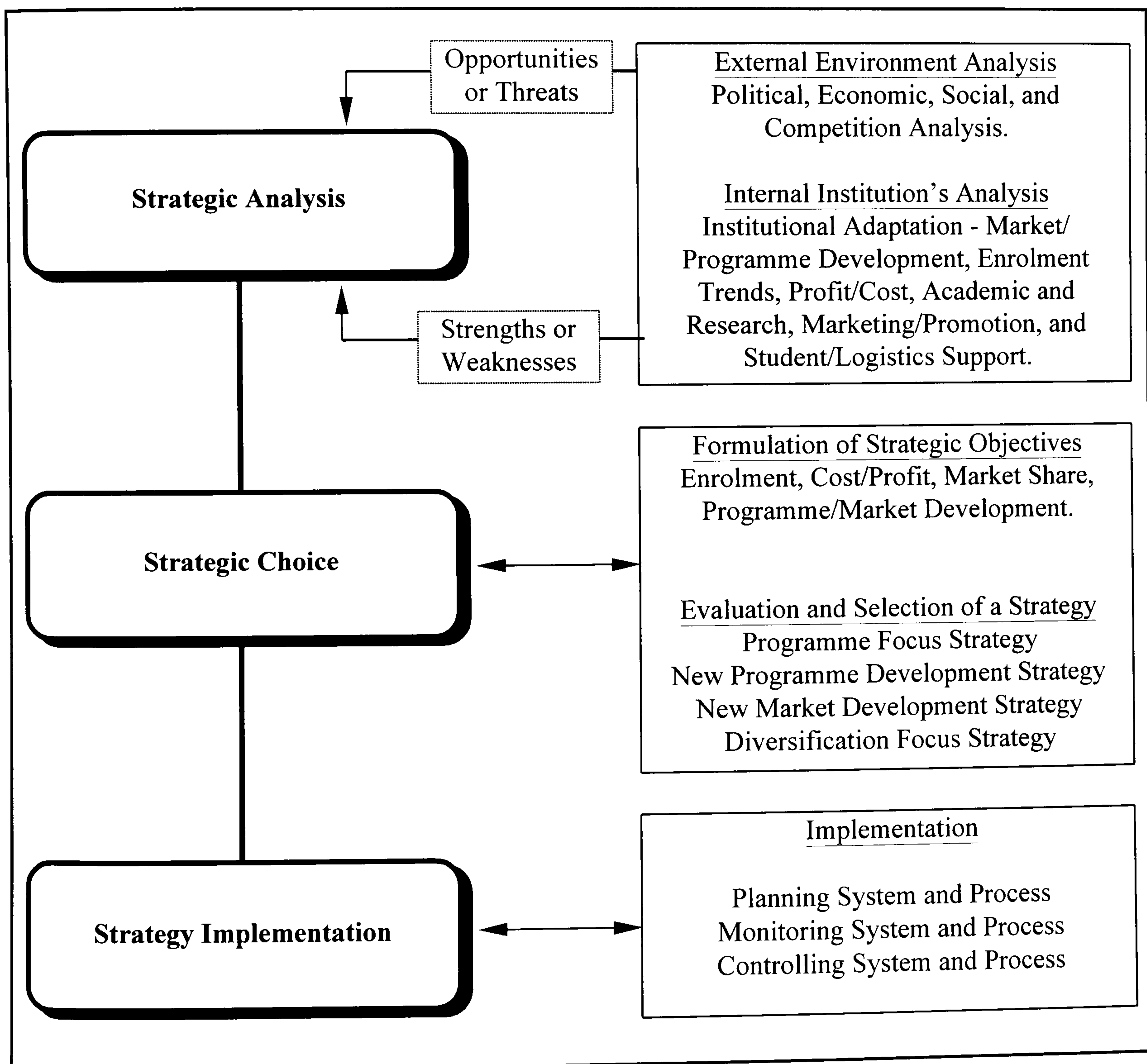


Figure 10.1: Strategic Planning Process for University Distance Education Institutions

Adaptation of Educational Institutions in the Changing Educational Market

It should be noted that two recommendations are made for any university distance education institution in the changing environment of the post-transition period. The first recommendation is "to be a proactive educational institution in a relatively fast changing environment", and the second recommendation is "to be an initiatory educational institution in a relatively slowly changing environment." The university distance education institutions, whether proactive or initiatory educational institutions, should respond quickly to the changing environment by launching the right distance education programme, to the right students' segment, at the right tuition fee, and at the right time.

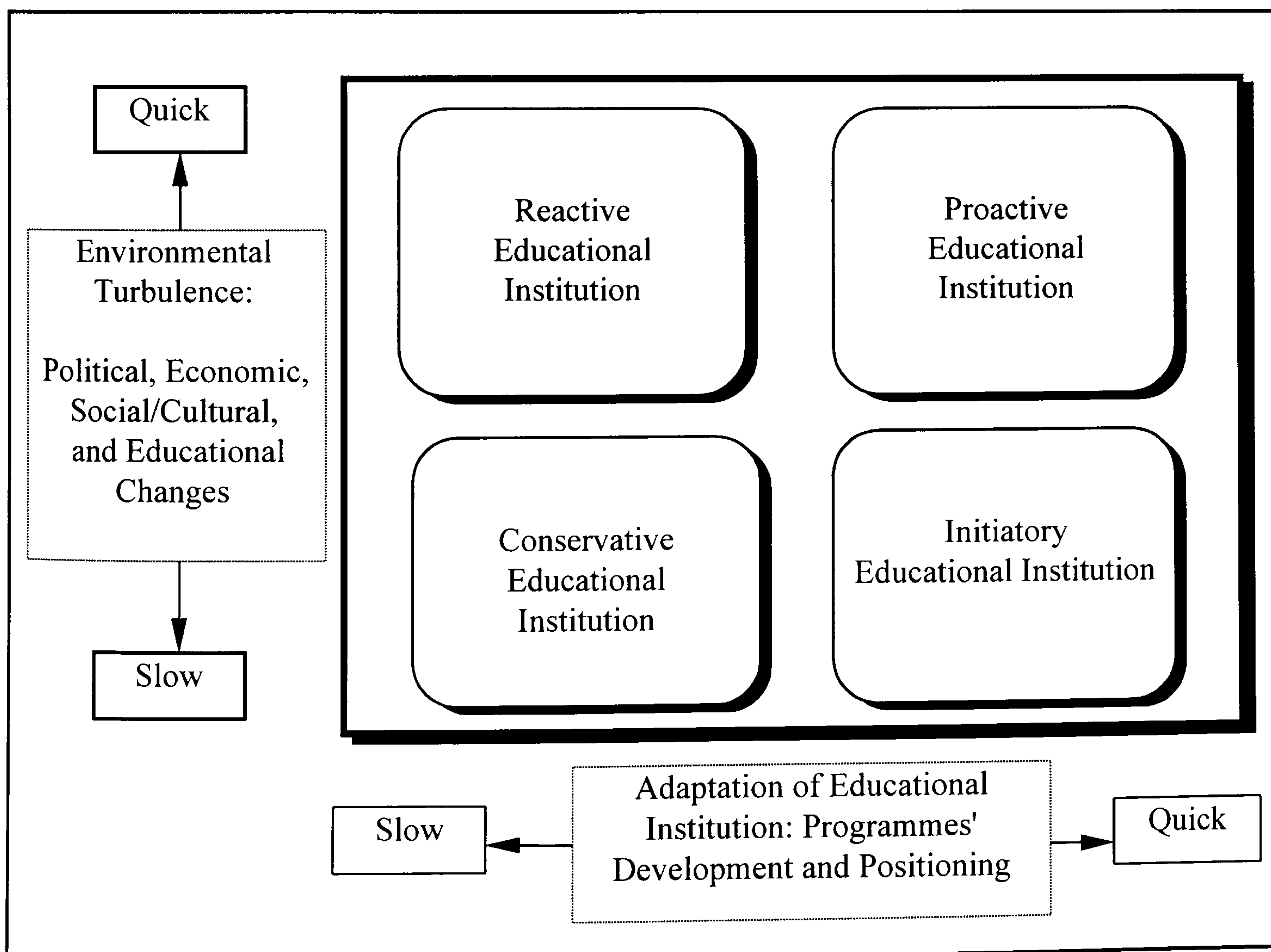


Figure 10.2: Adaptation of Educational Institutions: Framework

Education institutions need to adapt quickly to the changing educational market. The impetus for this study is the assumption that the university distance education decision-makers, distance education practitioners, and academic scholars may have something to learn from the changes taking place in Hong Kong's environment during the transition period. The most common and longest established differentiation between educational institutions and private corporations is market responsiveness to the changing customer needs and operating environment. Market responsiveness means that the right product needs to be introduced to the customers, at the right price, in the right place and at the right time. The adaptation of university distance education institutions, as for private corporations, refers to adaptation in launching the right distance education programme (in terms of level of study, curriculum design, tutorial support, and mode of instruction), in the right segment (in terms of students' segment), at the right price (in terms of tuition fee of the whole programme), and at the right time (in terms of study length). The decision-makers of university distance education institution should understand the operating environment and learn to survive through adaptation to the environmental changes such as political, economic, social/cultural, and educational changes (Coombs 1985, pp. 105-135).

Strategy Issues in Positioning University Distance Education Programmes

It is recommended that a programme development strategy framework be made for university distance education institutions. As shown in Figure 10.3, this is a strategy framework for such a perspective in the university distance education market. This framework is concerned with the two main alternatives by which to position the

distance education programmes. The first alternative is that the existing distance education programmes can be marketed to the existing student market segment by differentiation of focus strategy; or the existing distance education programmes can be launched to a new student market segment by a new segment development strategy. Another alternative is that new distance education programmes can be offered to an existing student market segment by a new programme development strategy; or new distance education programmes can be introduced to a new student market segment by diversification of focus strategy.

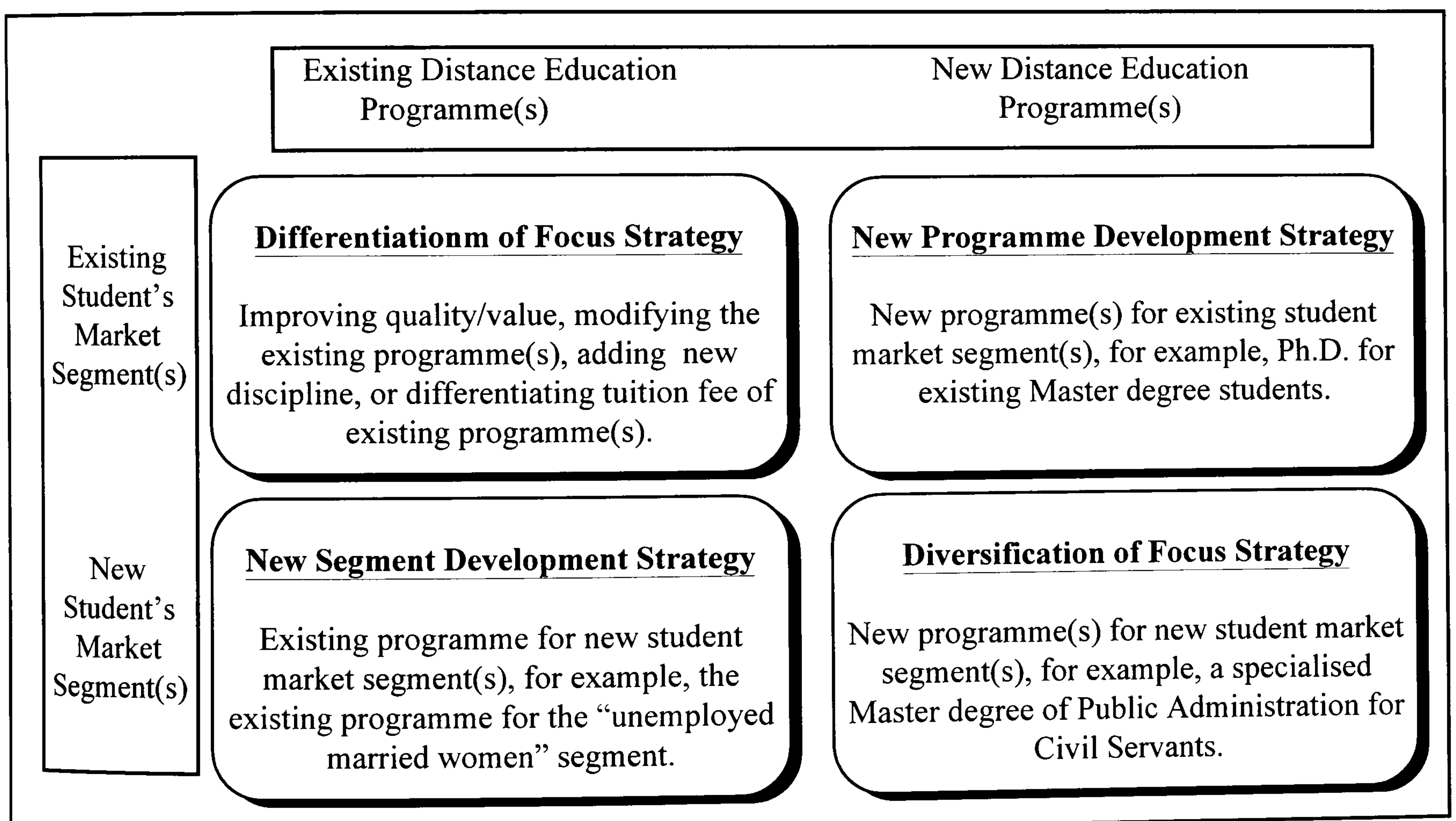


Figure 10.3: A Development Strategy Framework for University Distance Education Programmes

The development strategy framework seeks a critical way of anticipating the changing needs of the students and of developing new/existing distance education programmes

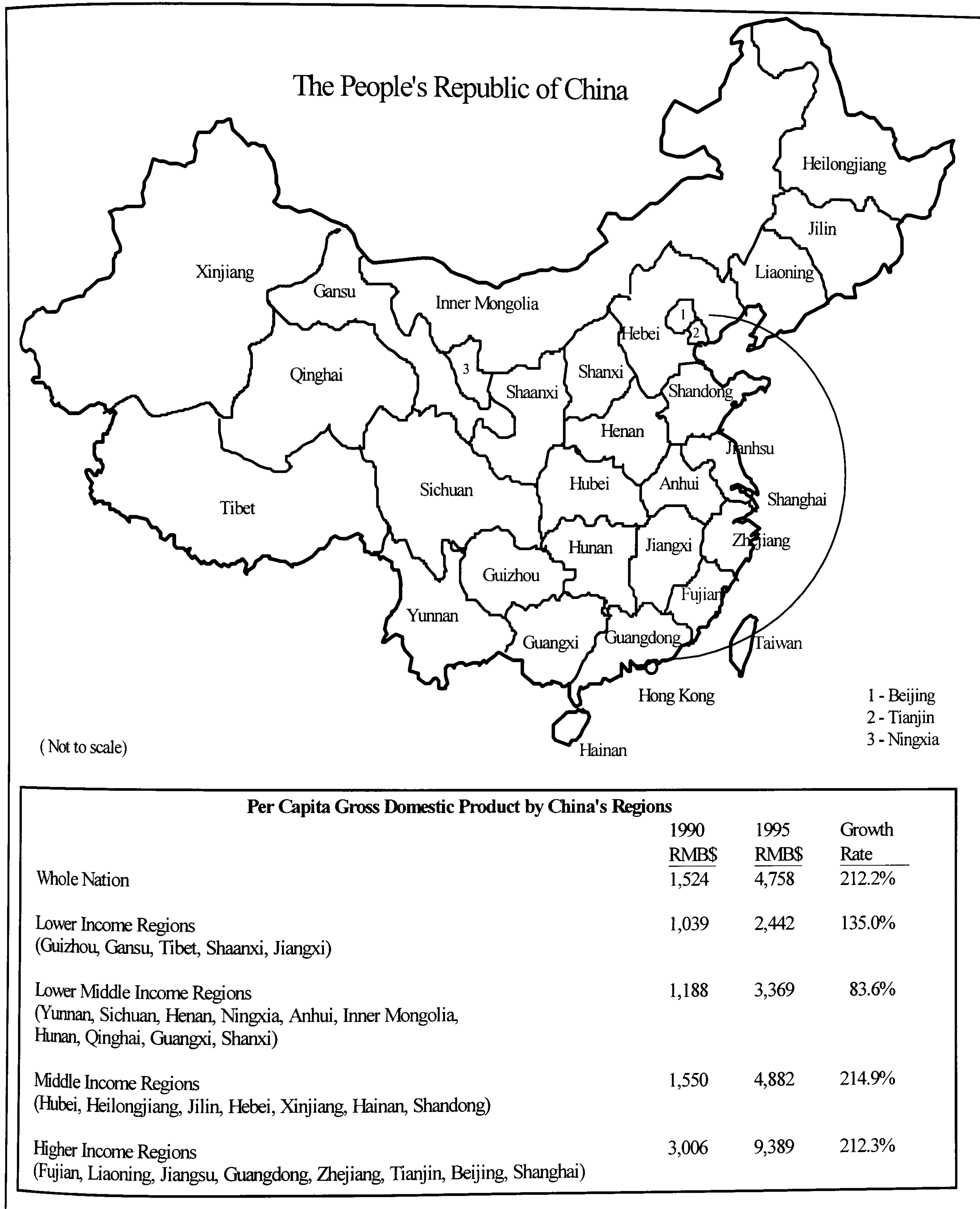
which meet those needs for example, developing distance Master degree programmes for those students currently studying distance Bachelor degree programmes; or distance Doctorate degree programmes for those students currently studying distance Master degree programmes. A proactive or initiatory educational institution is an organisation which centres on the interests and needs of the student as customer. These needs and interests are regarded as the central reason for the institution's existence, and are recognised as a base for development change. In Hong Kong, the distance education market is rarely made up of homogeneous groups of students, particularly in a mature student market. Consequently, the needs and interests may vary in consideration of different distance education programmes. The changing perspective of market and external environment infuses the distance education institutions with fresh challenges and urges their academic leaders to respond. This framework enables the identification of existing and new distance education programmes for existing and new market segments, and the benefits which can be offered. More importantly, each distance education institution can consider its market position compared with competitors in order to find a competitive advantage which offers a "differentiated" programme (such as course design, course language or tuition fee) or a "value added" programme (such as professional qualification recognition, Internet communication facilities, or special subject/study visit of China) to the marketplace.

Internationally Franchised University Distance Education Programme in China

It is recommended that internationally franchised university distance education programmes could be developed in China by implementing three tactics: launching programmes in higher income regions, targeting the managers of private or joint-venture enterprises in higher income regions, and identifying a local partner from the higher income regions. In a preliminary analysis, the initial development of the university distance education programmes in China should aim at the higher income regions. These higher income regions, including Beijing, Tianjin, Liaoning, Shanghai, Jiangsu, Zhejiang, Fujian, and Guangdong, are all located in coastal provinces in China. In terms of per capita GDP between 1990 and 1995, the higher income region was RMB\$9,389, the middle income region was RMB\$4,882, the lower middle income region was RMB\$3,369, and the lower income region was RMB\$2,442. The per capita GDP of higher income regions (RMB\$9,389) was nearly double that of the whole nation (RMB\$4,758).

Geographically, a convex curve between the higher income regions of Guangdong-Shanghai-Beijing can be drawn along China's coastal regions (from south to north). This curve covers all 14 open cities, four Special Economic Zones, and one Special Administrative Region of China - Hong Kong. The importance of the regions of Guangdong-Shanghai-Beijing is that they not only have higher income levels, but also are "dragon's heads" (driving forces) of the Chinese economy, politics, society/culture and education in the post-reform period. The regions of Guangdong-Shanghai-Beijing are perfect for internationally franchised university distance education institutions to

act as a bridge between the mainland and the outside world. (Map 3: Higher Income Regions in the People's Republic of China)



Source: Chapter Two, Table 2.2: Per Capita Gross Domestic Product by China's Regions, p. 28.

Map 3: Higher Income Regions in the People's Republic of China

From the analysis in Chapter Seven of this study (Chapter Seven, pp. 186-187), the potential students of university distance education programmes in China are anticipated to be managers in private companies or joint-venture companies. This group of managers includes foreign-invested enterprise managers or joint-venture enterprise managers in China. In fact, if the current university distance education programmes in Hong Kong were marketed in China, two requirements would have to be fulfilled to adapt to the Chinese "characteristics" environment. The first is the need for Chinese-language textbooks and learning materials; and the second is "lower" tuition fees for the whole programmes.

China's distance education is subject to the State Education Commission of China which at present regulates and monitors all overseas degree programmes offered in China in a strict manner. Hence, for those distance education institutions interested in launching programmes into China's market, it is necessary for them to fully understand any potential handicaps in their mainland operations. A mainland university is suggested as a local partner in the higher income regions. The identification of the correct mainland partner can provide the required operational experience in the Chinese education market and the "Guanxi" (personal relationships) with China's Government or local authority. Furthermore, the mainland partner can act as a liaison and teaching office in mainland China, a programme developer (for example, developing Chinese versions or bi-lingual version courses), and a marketer (for example, conducting market analysis and promotional activities).

Concluding Remarks

The handover of Hong Kong's sovereignty to China was in itself a momentous issue. This was a reflection of the transitional changes taking place in Hong Kong's history - Hong Kong under Imperial China's autocratic rule (1616-1841), then under Britain's colonial rule (1842-1997); then under China's communist rule (from 1997). China's Government is firm in its position of a "one country, two systems" policy for Hong Kong - the current economic, social, legal and education systems will remain unchanged for another 50 years (1997-2047). But when the Chinese leader, Deng Xiao-ping (1904-1997) died on 19 February, 1997, China's leaders suddenly found themselves, as Hong Kong people did, confronted with the problems of political transition.

In terms of education, China's educational reforms have travelled a long way down the modernisation path since the adoption of the Japanese model by Imperial China, the USA model by Republican China, the Russian model and Mao's model by Communist China. In 1979 the Chinese economic reforms, introduced by Deng Xiao-ping, stimulated the change of communist education and resulted in corresponding reforms in 1982. In Hong Kong, after its establishment as a British colony in 1842, higher education developed relatively slowly until the 1980s. With rapid industrialisation and an economic boom, Hong Kong's economy maintained high-speed growth during the 1970s and 1980s. The development of higher education, with huge financial assistance from the Government and in answer to the demands of society, has progressed quickly since the 1980s.

In line with the rapid expansion of higher education, the university distance education market in Hong Kong has also expanded significantly. World-wide there is continuing growth in distance education programmes in higher education - there seems little doubt that Hong Kong will follow this world trend. By 1996, Hong Kong had become one of the largest university distance education markets in Asia. In the post-transition period, development of university distance education (both local and non-local) has, in fact, integrated formally into Hong Kong's higher education system and will contribute as one of the major providers of higher education for Hong Kong adult students.

The development of colonial Hong Kong has been determined by autocratic British colonialism. Clearly, these British influences will gradually fade away and be replaced by China's influence in the post-transition period. China's "open door" policy and economic reforms have transformed its planned economic systems and have created a foundation for a similar "Western" market economy. Chinese leaders have stressed that Hong Kong can remain a "Western" capitalist economy after 1997. Nevertheless, political, economic, and social pressures in the post-transition period in Hong Kong make change inevitable. Thus, the decision-makers of university distance education institutions (either local or non-local), education practitioners or management training consultants should anticipate market changes for university distance education in the post-1997 environment. Whether the change will take the form of decline or of revival depends on institutional planning and adaptability, well-defined development strategies, and the higher-education system (Hong Kong-China) working within this framework.

During the period of British colonial rule, the development of Hong Kong's higher education generally followed an elite-mass-egalitarian orientation. But it is worth noting that an unanswered question of integration will be created when interaction between Hong Kong's British "Western" higher-education system and China's communist higher-education system occurs in the post-transition period. Hong Kong's future is full of uncertainty and variety, so that post-1997 Hong Kong offers an exciting and challenging future. As Cottrel (1993, p. 194) describes in his book, The End of Hong Kong: The Secret Diplomacy of Imperial Retreat, "The city (Hong Kong) so promiscuously conceived beside the Pearl River in 1841, having lived out its century-and-a-half of borrowed time, the city reborn there in 1997 will be the child of China alone. When the British flag descends by the Hong Kong harbour-front on that sub-tropical summer midnight, it will be the beginning of a new and no doubt equally extraordinary adventure for all who remain. But it will be the end of what has, until that moment, been Hong Kong."

Limitations of this Study

The study examines selected subjects of distance learners in Hong Kong. The subjects include: Bachelor and Master degree students of the Open University of Hong Kong (formerly the Open Learning Institute of Hong Kong), Bachelor and Master degree

students of the Curtin University of Technology (Australia), MBA degree students of the Henley Management College/Brunel University (UK), and Hong Kong adults who are interested in university distance education programmes. This selection was based on the nature of this study and the resource factors. Therefore, the findings of this study provide statistical data about these particular samples only rather than for all kinds of distance education programmes in Hong Kong's university distance education market.

The enrolment figure for non-local university distance education programmes in Hong Kong were estimated using figures given by the Academic Programmes Guide 1994-1995 and Hong Kong Adult Education Handbook 1995-1996, and by enquiries made of the local agents/operators of the non-local distance education programmes. These agents/operators include the Hong Kong Management Association (agent for the University of Warwick, Macquarie University, Royal Melbourne Institute of Technology, Shenzhen University, and Zhongshan University), the local office of the Henley Management College, the School of Professional and Continuing Education of the University of Hong Kong (agent for Strathclyde University, Napier University, the Curtin University of Technology, Monash University, and the University of London), the School of Continuing Studies of the Chinese University of Hong Kong (agent for the University of Oklahoma, University of New England, and the Victoria University of Technology), the local office of the University of Hull, On-Line Education (agent for the University of Paisley), the Hong Kong Overseas Studies Centre (agent for Heriot-Watt University), and Asia Pacific Management Institute Ltd. (agent for South Australia University, La Trobe University, and the University of Luton).

This estimation is based on secondary data and limits the study's ability to provide the latest figures of enrolment. Enquiries made of the local agents, to a large extent, were designed to supplement this limitation. Another limitation is that access to Chinese distance education programmes was impossible to achieve in Hong Kong. This is because the university distance education programmes in China, particularly those degree programmes offered by internationally franchised university distance institutions, are still controlled tightly by the State Education Commission of China. Access to these data is not allowed in Hong Kong. The description of China's distance education and market is mainly based on the analysis of secondary data.

Hong Kong started its transition from the signing of the Joint Declaration in 1984. During this period, the British and Chinese Governments have constantly argued over transition matters such as the recommendation for representative government in Hong Kong, the introduction of the right of abode scheme in the UK for Hong Kong's 50,000 families, the foundation of China's "second stove" power base in Hong Kong, the new airport development scheme, and the provisional legislature for the Hong Kong SAR. However, the real transition change in the realm of politics in Hong Kong took place when Mr. Tung Chee-hwa became the Chief Executive-Designate in December, 1996, and the members of the provisional legislature of the Hong Kong SAR were elected soon after. This study focuses mainly on the transition between 1995 and 1997, the critical period for reshaping Hong Kong's politics and policies. There is no gainsaying that the impact of the transition on Hong Kong may last for much longer. Therefore, this study is limited to describing the impact in the shorter term.

Suggestion for Future Research

This study examines market changes in university distance education during the transition period. Some positive findings of this study have been stated earlier in this chapter. China and Hong Kong's political, economic, social and education systems are very different. China is the most populous communist nation and exists under one party rule. Hong Kong enjoys freedom of speech, the press and religion as laid down by the British colonial Government. However, this situation changed on 1 July, 1997. Under China's "one country, two systems" policy, Hong Kong, a "Western" capitalist system, has merged with a communist system and become a Special Administrative Region of China. There is no absolute certainty how the policy will work, where it will go and what it will be. This study cannot answer fully the question about Hong Kong's future, and more questions of Hong Kong's future have been posted for future study in the post-transition period by this analysis. The changes in Hong Kong's politics, economy, society and education will last for many years in the post-transition period. Though three possible alternatives ("One Country, One System", "One Country, Two Systems", and "One Country, Many Systems") have been suggested to project the future development of Hong Kong's higher education system, a further study is needed to study the possible development in the longer term.

An initial examination of China's distance education market has raised questions about where to launch such education programmes, and who are the best students to serve. As shown in Table 10.2, the adult higher education market in China has grown significantly. By 1995, China had a total of 1,054 conventional colleges and

universities, 1,156 adult higher institutions, and 46 Radio and Television Universities (RTVUs). During the post-reform period between 1982 and 1995, a total of 26.1 million Chinese students graduated from Chinese higher-education institutions. Of these students, conventional colleges and universities shared 7.3 million (or 27.9% of the total graduates), adult higher institutions had 13.7 million (or 52.4% of the total), and RTVUs was 5.1 million (or 19.7% of the total).

Table 10.2: Comparison between Graduates from Conventional Universities, Adult Institutions, and Radio and Television Universities

Year	Conventional Colleges and Universities	Adult Higher Institutions*	Radio and Television Universities	Total Graduates
1982 to 1995	7,295,000	13,691,000	5,144,000	26,130,000
Percentage	27.9%	52.4%	19.7%	100.0%
Number of Higher Institution (in 1995)	1,054	1,156	46	2,256

Note: (*) Adult higher institutions include Colleges for Workers/Peasants, Colleges for Management Cadres, Pedagogical Colleges, Correspondence Colleges, and Correspondence Courses.

Sources: Chapter Three, Table 3.3: Students Enrolment in Adult Higher Education in China (1982-1995), p. 88;
 State Statistical Bureau 1995, *Statistical Yearbooks of China 1994*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), p. 562 and p. 572;
 State Statistical Bureau 1996, *Statistical Yearbooks of China 1995*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), p. 588 and p. 598; and
 State Statistical Bureau 1997, *Statistical Yearbooks of China 1996*, (The People's Republic of China, State Statistical Bureau, China Statistical Publishing House), p. 630 and p. 640.

Wei and Tong (1994, pp. 14-15) identified two sources of demand for adult higher education in China. The first source was from working employees who had not received formal higher education (estimated about 600 million), and the other source was from secondary school leavers (estimated about 15.3 million in each year) who did

not obtain places in conventional universities. To analyse such a huge adult education market, detailed information of primary data is certainly needed. Although this study cannot provide a final answer about China's university distance education market, it has pointed to three directions of note (launching programmes in higher income regions, targeting programmes at managers of private or joint-venture enterprises in higher income regions, and identifying a local partner from the target regions) which should be analysed in future studies.

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Appendix A: Instrument for OLIHK Bachelor Degree Students

The Open Learning Institute of Hong Kong School of Business and Administration

May 1996

Dear Student

Welcome to the final stage of the OLIHK's business degree programme. We are glad that you will soon complete your degree course.

Through our part-time distance education programme, you can study for your business degree without leaving your job. The distance education will be useful for improving your qualification. As a student of a distance education programme, you are in the best position to evaluate distance education programmes in Hong Kong. Therefore, we are eager to have your feedback to understand your needs and expectations to the current programme. A questionnaire has been designed specifically for this purpose.

Please take a few minutes to think about your study and answer the questions in the questionnaire. It will take you about 20 minutes to complete the enclosed questionnaire. The success of this research totally depends on your co-operation. The higher the return rate is, the more representative the results will be. Remember: there is no right or wrong answer. It is your opinion that we are interested in.

You are assured that your response will be kept strictly confidential. No attempt will be made to identify individual respondents. So there is no need to put your name or student number on the questionnaire.

Please return your completed questionnaire at the end of tutorial school.

Thank you very much for your co-operation.

Yours sincerely

W. C. Leung
Project Researcher
School of Business and Administration

Section 1: Personal Data

Please TICK ONE ANSWER ONLY for each question to tell us:

1. your sex.
(1) _____ Male
(2) _____ Female

2. your age.
(1) _____ 29 or below
(2) _____ 30-39
(3) _____ 40-49
(4) _____ 50 or over

3. your education level. (the highest attainment only.)
(1) _____ Secondary level or below
(2) _____ Post-Secondary or diploma/higher diploma level
(3) _____ Degree level
(4) _____ Higher degree level, e.g. Master degree level
(5) _____ Professional qualifications, e.g. accountant or engineer

4. your occupation.
(1) _____ Managerial/professional
(2) _____ Clerical
(3) _____ Operative/technical/skilled workers
(4) _____ Elementary occupations (unskilled workers)
(5) _____ Other (Please specify: _____)

5. whether your current job requires you to work in the People's Republic of China (China).
(1) _____ Yes
(2) _____ No

6. your current annual income (in one year), including housing allowance and bonus.
(1) _____ Below HK\$ 149,999
(2) _____ HK\$ 150,000 to HK\$ 199,999
(3) _____ HK\$ 200,000 to HK\$ 249,999
(4) _____ HK\$ 250,000 to HK\$ 299,000
(5) _____ Over HK\$ 300,000
(6) _____ Other (Please specify: _____)

7. the kind of industry that your employer's organisation engages in.
(1) _____ Manufacturing
(2) _____ Building and construction
(3) _____ Wholesale, retail, import & export trade, restaurants & hotels
(4) _____ Transport, storage and communications
(5) _____ Finance, insurance, real estate and business services
(6) _____ Community, social and personal services.

8. the number of years' working experience you have.

- (1)_____ 4 years or below
- (2)_____ 5 to 9 years
- (3)_____ 10 to 15 years
- (4)_____ 16 to 20 years
- (5)_____ 21 years or more

Section 2: Evaluation of a Distance Education Programme

Please read the questions below and TICK ONE ANSWER ONLY for each question.

1. Which one of the following is the most important factor motivating you to study a distance education programme in Hong Kong?
 - (1)_____ To secure your job
 - (2)_____ To improve your management skills and knowledge
 - (3)_____ To consolidate your human relationships
 - (4)_____ To advance your educational qualifications
 - (5)_____ Other factors (Please specify: _____)

2. Which one of the following is the most important aspect for you in choosing a distance education programme in Hong Kong?
 - (1)_____ Course fee (for the whole programme)
 - (2)_____ The length of the study (for the whole programme)
 - (3)_____ The flexibility of study (choice of course and place of study)
 - (4)_____ Job security (i.e. no need to quit your current job)
 - (5)_____ Recognition of the Degree awarded
 - (6)_____ Other (please specify: _____)

3. For the whole programme of a distance education in Hong Kong, what do you think should be the appropriate level of course fee?
 - (1)_____ Below HK\$ 79,999
 - (2)_____ HK\$ 80,000 to HK\$ 99,999
 - (3)_____ HK\$ 100,000 to HK\$ 119,999
 - (4)_____ HK\$ 120,000 to HK\$ 139,999
 - (5)_____ HK\$ 140,000 to HK\$ 159,999
 - (6)_____ Over HK\$ 160,000

4. For the whole programme of a distance education in Hong Kong, what do you think should be the appropriate complete length of study?
 - (1)_____ 1 year
 - (2)_____ 2 years
 - (3)_____ 3 years
 - (4)_____ 4 years
 - (5)_____ Other (please specify: _____ years)

5. Which written language(s) for books/materials of a distance education programme do you think is most suitable for you?
- (1) _____ Chinese
 (2) _____ English
 (3) _____ Chinese and English together
6. Which kind of accompanying support from the distance education institution do you think is most necessary for you?
- (1) _____ Local study centre with local tutorial support
 (2) _____ Computer facilities linked to the Institution
 (3) _____ Telephone tutorial support
 (4) _____ Other (Please specify: _____)
7. Does a relationship exist between the completion of a distance degree programme and job promotion?
- (1) _____ Yes, the reason (_____)
 (2) _____ No, the reason (_____)
 (3) _____ I am not sure
8. Does your employer rate distance degree programmes lower than the full-time degree programmes?
- (1) _____ Yes (Please answer to Question 9.)
 (2) _____ No (No need to answer Question 9.)
 (3) _____ I am not certain (No need to answer Question 9.)
9. Which one of the following is the most likely factor that your employer rates distance degree programmes lower than full-time degree programmes?
- (1) _____ Academic level
 (2) _____ University status
 (3) _____ Government recognition
 (4) _____ Programme structure
 (5) _____ Other (Please specify: _____)
10. Which one of the following is the most useful type of programme for Hong Kong's employees to upgrade their qualifications in the near future?
- (1) _____ Sub-degree programmes, such as certificate or diploma level
 (2) _____ Professional examination programme, such as those for HKSA
 (3) _____ Business Bachelor degree programme
 (4) _____ Master degree programme, e.g. MBA
 (5) _____ Doctorate degree programme, e.g. Doctor of Business Administration
11. Will the current higher education system of Hong Kong be changed after Hong Kong becomes a Special Administrative Region of China in 1997?
- (1) _____ Yes
 (2) _____ No
 (3) _____ I am not sure (Go to Question 13.)

12. If the current higher education system of Hong Kong were changed after 1997, which country's higher education system should Hong Kong follow?
- (1) _____ Australia's higher education system
 (2) _____ China's higher education system
 (3) _____ USA's higher education system
 (4) _____ UK's higher education system
 (5) _____ A mixed system: HK's system together with that of another (Please specify the country: _____)
13. Do you agree that the distance education programme you are studying is an effective management training programme for China's students?
- (1) _____ Yes, the reason (_____)
 (2) _____ No, the reason (_____)
 (3) _____ I am not sure
14. In your opinion, which are the most likely classes of people who would study a distance education programme in China?
- (1) _____ Cadres, e.g. senior officer in the Chinese government
 (2) _____ Managers in private companies or joint venture companies
 (3) _____ Professionals, e.g. accountant or engineer
 (4) _____ Entrepreneurs, e.g. self-employed businessman
 (5) _____ Other (Please specify: _____)
15. If the current distance education programme were launched in China, which one of the following aspects should be revised to suit Chinese students? (Please tick one and specify how it should be revised.)
- (1) _____ Course material (Please specify: _____)
 (2) _____ Course fee (Please specify: _____)
 (3) _____ Tutorial support (Please specify: _____)
 (4) _____ Other (Please specify: _____)

Section 3: Intention to Undertake Further Study

Please read the questions below and TICK ONE ANSWER ONLY for each question.

1. Will you continue to study for a new programme when you have completed your current distance education programme? (Please tick one and explain your reason.)
- (1) _____ Yes, the reason (_____)
 (2) _____ No, the reason (_____)
 (If your answer is "No", there is no need to answer the remainder of this questionnaire.)

2. Which level of the following new programmes will you consider studying? (Please tick one and state the subject you want to study, e.g. Information System or MBA or Education).
- (1) _____ Diploma level (Please specify the subject: _____)
 (2) _____ Degree level (Please specify the subject: _____)
 (3) _____ Master level (Please specify the subject: _____)
 (4) _____ Doctorate level (Please specify the subject: _____)
 (5) _____ Professional qualification (Please specify the subject: _____)
 (6) _____ Other (Please specify: _____)
3. If you are considering studying a new programme, which one of the study modes would you prefer?
- (1) _____ Local full-time on campus, e.g. The Chinese University of Hong Kong
 (2) _____ Local part-time evening on campus, e.g. The University of Hong Kong
 (3) _____ Distance education programme in Hong Kong, e.g. The University of Hull
 (4) _____ Overseas full-time on campus, e.g. The University of Warwick
4. If you are considering studying a new programme, which of the following countries' programmes would you prefer?
- (1) _____ Australian programmes
 (2) _____ Chinese programmes
 (3) _____ Hong Kong programmes
 (4) _____ USA programmes
 (5) _____ UK programmes
 (6) _____ Other (Please specify the country: _____)
5. If you are considering studying a new programme, what would be the most appropriate level of course fee for a whole programme?
- (1) _____ Below HK\$ 79,999
 (2) _____ HK\$ 80,000 to HK\$ 99,999
 (3) _____ HK\$ 100,000 to HK\$ 119,999
 (4) _____ HK\$ 120,000 to HK\$ 139,999
 (5) _____ HK\$ 140,000 to HK\$ 159,999
 (6) _____ Over HK\$ 160,000
6. If you are considering studying a new programme, what would be the most appropriate length of study?
- (1) _____ 1 year
 (2) _____ 2 years
 (3) _____ 3 years
 (4) _____ 4 years
 (5) _____ Other (more than 4 years)
7. Would you prefer to have content on China in the new programme?
- (1) _____ Yes
 (2) _____ No (End of this questionnaire.)
8. What kind of subjects about China would you prefer in the new programme?
 (Please specify one subject area, e.g. accounting, management, education, or economics _____).

- END OF QUESTIONNAIRE -

Appendix B: Instrument for Curtin Bachelor Degree Students

The Open Learning Institute of Hong Kong School of Business and Administration

Overseas Degree Programme (Bachelor of Commerce)
School of Management
Curtin University of Technology

September 1996

Dear Student

We would like to invite you to participate in a research project by completing the enclosed questionnaire. You, as a student of a distance education programme, are in the best position to evaluate distance education programmes in Hong Kong. So we are eager to have your feedback to understand your needs and expectations. A questionnaire has been designed specifically for this purpose.

Please take a few minutes to think about your study and answer the questions in the questionnaire. It will take you about 20 minutes to complete the enclosed questionnaire. The success of this research totally depends on your co-operation. The higher the return rate is, the more representative the results will be. Remember: there is no right or wrong answer. It is your opinion that we are interested in.

You are assured that your response will be kept strictly confidential. No attempt will be made to identify individual respondents. So there is no need to put your name or student number on the questionnaire.

Please return your completed questionnaire at the end of tutorial school.

Thank you very much for your co-operation.

Yours sincerely

W. C. Leung
Project Researcher
School of Business and Administration

Section 1: Personal Data

Please TICK ONE ANSWER ONLY for each question to tell us:

1. your sex.
 - (1) _____ Male
 - (2) _____ Female

2. your age.
 - (1) _____ 29 or below
 - (2) _____ 30-39
 - (3) _____ 40-49
 - (4) _____ 50 or over

3. your education level. (the highest attainment only.)
 - (1) _____ Secondary level or below
 - (2) _____ Post-Secondary or diploma/higher diploma level
 - (3) _____ Degree level
 - (4) _____ Higher degree level, e.g. master's degree level
 - (5) _____ Professional qualifications, e.g. accountant or engineer

4. your occupation.
 - (1) _____ Managerial/professional
 - (2) _____ Clerical
 - (3) _____ Operative/technical/skilled workers
 - (4) _____ Elementary occupations (unskilled workers)
 - (5) _____ Other (Please specify: _____)

5. whether your current job requires you to work in the People's Republic of China (China).
 - (1) _____ Yes
 - (2) _____ No

6. your current annual income (in one year), including housing allowance and bonus.
 - (1) _____ Below HK\$ 149,999
 - (2) _____ HK\$ 150,000 to HK\$ 199,999
 - (3) _____ HK\$ 200,000 to HK\$ 249,999
 - (4) _____ HK\$ 250,000 to HK\$ 299,000
 - (5) _____ Over HK\$ 300,000
 - (6) _____ Other (Please specify: _____)

7. the kind of industry that your employer's organisation engages in.
 - (1) _____ Manufacturing
 - (2) _____ Building and construction
 - (3) _____ Wholesale, retail, import & export trade, restaurants & hotels
 - (4) _____ Transport, storage and communications
 - (5) _____ Finance, insurance, real estate and business services
 - (6) _____ Community, social and personal services.

8. the number of years' working experience you have.

- (1) _____ 4 years or below
- (2) _____ 5 to 9 years
- (3) _____ 10 to 15 years
- (4) _____ 16 to 20 years
- (5) _____ 21 years or more

Section 2: Evaluation of a Distance Education Programme

Please read the questions below and TICK ONE ANSWER ONLY for each question.

1. Which one of the following is the most important factor motivating you to study a distance education programme in Hong Kong?
 - (1) _____ To secure your job
 - (2) _____ To improve your management skills and knowledge
 - (3) _____ To consolidate your human relationships
 - (4) _____ To advance your educational qualifications
 - (5) _____ Other factors (Please specify: _____)

2. Which one of the following is the most important aspect for you in choosing a distance education programme in Hong Kong?
 - (1) _____ Course fee (for the whole programme)
 - (2) _____ The length of the study (for the whole programme)
 - (3) _____ The flexibility of study (choice of course and place of study)
 - (4) _____ Job security (i.e. no need to quit your current job)
 - (5) _____ Recognition of the Degree awarded
 - (6) _____ Other (please specify: _____)

3. For the whole programme of a distance education in Hong Kong, what do you think should be the appropriate level of course fee?
 - (1) _____ Below HK\$ 79,999
 - (2) _____ HK\$ 80,000 to HK\$ 99,999
 - (3) _____ HK\$ 100,000 to HK\$ 119,999
 - (4) _____ HK\$ 120,000 to HK\$ 139,999
 - (5) _____ HK\$ 140,000 to HK\$ 159,999
 - (6) _____ Over HK\$ 160,000

4. For the whole programme of a distance education in Hong Kong, what do you think should be the appropriate complete length of study?
 - (1) _____ 1 year
 - (2) _____ 2 years
 - (3) _____ 3 years
 - (4) _____ 4 years
 - (5) _____ Other (please specify: _____ years)

5. Which written language(s) for books/materials of a distance education programme do you think is most suitable for you?
- (1) _____ Chinese
 (2) _____ English
 (3) _____ Chinese and English together
6. Which kind of accompanying support from the distance education institution do you think is most necessary for you?
- (1) _____ Local study centre with local tutorial support
 (2) _____ Computer facilities linked to the Institute
 (3) _____ Telephone tutorial support
 (4) _____ Other (Please specify: _____)
7. Does a relationship exist between the completion of a distance degree programme and job promotion?
- (1) _____ Yes, the reason (_____)
 (2) _____ No, the reason (_____)
 (3) _____ I am not sure
8. Does your employer rate the distance degree programmes lower than the full-time degree programmes?
- (1) _____ Yes (Please answer to Question 9.)
 (2) _____ No (No need to answer Question 9.)
 (3) _____ I am not certain (No need to answer Question 9.)
9. Which one of the following is the most likely factor that your employer rates distance degree programmes lower than full-time degree programmes?
- (1) _____ Academic level
 (2) _____ University status
 (3) _____ Government recognition
 (4) _____ Programme structure
 (5) _____ Other (Please specify: _____)
10. Which one of the following is the most useful type of programme for Hong Kong's employees to upgrade their qualifications in the near future?
- (1) _____ Sub-degree programmes, such as certificate or diploma level
 (2) _____ Professional examination programme, such as those for HKSA
 (3) _____ Business Bachelor degree programme
 (4) _____ Master degree programme, e.g. MBA
 (5) _____ Doctorate degree programme, e.g. Doctor of Business Administration
11. Will the current higher education system of Hong Kong be changed after Hong Kong becomes a Special Administrative Region of China in 1997?
- (1) _____ Yes
 (2) _____ No
 (3) _____ I am not sure (Go to Question 13.)

12. If the current higher education system of Hong Kong were changed after 1997, which country's higher education system should Hong Kong follow?
- (1) _____ Australia's higher education system
 (2) _____ China's higher education system
 (3) _____ USA's higher education system
 (4) _____ UK's higher education system
 (5) _____ A mixed system: HK's system together with that of another (Please specify the country: _____)
13. Do you agree that the distance education programme you are studying is an effective management training programme for China's students?
- (1) _____ Yes, the reason (_____)
 (2) _____ No, the reason (_____)
 (3) _____ I am not sure
14. In your opinion, which are the most likely classes of people who would study a distance education programme in China?
- (1) _____ Cadres, e.g. senior officer in the Chinese government
 (2) _____ Managers in private companies or joint venture companies
 (3) _____ Professionals, e.g. accountant or engineer
 (4) _____ Entrepreneurs, e.g. self-employed businessman
 (5) _____ Other (Please specify: _____)
15. If the current distance education programme were launched in China, which one of the following aspects should be revised to suit Chinese students? (Please tick one and specify how it should be revised.)
- (1) _____ Course material (Please specify: _____)
 (2) _____ Course fee (Please specify: _____)
 (3) _____ Tutorial support (Please specify: _____)
 (4) _____ Other (Please specify: _____)

Section 3: Intention to Undertake Further Study

Please read the questions below and TICK ONE ANSWER ONLY for each question.

1. Will you continue to study for a new programme when you have completed your current distance education programme? (Please tick one and explain your reason.)
- (1) _____ Yes, the reason (_____)
 (2) _____ No, the reason (_____)
 (If your answer is "No", there is no need to answer the remainder of this questionnaire.)

2. Which level of the following new programmes will you consider studying? (Please tick one and state the subject you want to study, e.g. Information System or MBA or Education).
- (1) _____ Diploma level (Please specify the subject: _____)
 (2) _____ Degree level (Please specify the subject: _____)
 (3) _____ Master level (Please specify the subject: _____)
 (4) _____ Doctorate level (Please specify the subject: _____)
 (5) _____ Professional qualification (Please specify the subject: _____)
 (6) _____ Other (Please specify: _____)
3. If you are considering studying a new programme, which one of the study modes would you prefer?
- (1) _____ Local full-time on campus, e.g. The Chinese University of Hong Kong
 (2) _____ Local part-time evening on campus, e.g. University of Hong Kong
 (3) _____ Distance education programme in Hong Kong, e.g. University of Hull
 (4) _____ Overseas full-time on campus, e.g. University of Warwick
4. If you are considering studying a new programme, which of the following countries' programmes would you prefer?
- (1) _____ Australian programmes
 (2) _____ Chinese programmes
 (3) _____ Hong Kong programmes
 (4) _____ USA programmes
 (5) _____ UK programmes
 (6) _____ Other (Please specify the country: _____)
5. If you are considering studying a new programme, what would be the most appropriate level of course fee for a whole programme?
- (1) _____ Below HK\$ 79,999
 (2) _____ HK\$ 80,000 to HK\$ 99,999
 (3) _____ HK\$ 100,000 to HK\$ 119,999
 (4) _____ HK\$ 120,000 to HK\$ 139,999
 (5) _____ HK\$ 140,000 to HK\$ 159,999
 (6) _____ Over HK\$ 160,000
6. If you are considering studying a new programme, what would be the most appropriate length of study?
- (1) _____ 1 year
 (2) _____ 2 years
 (3) _____ 3 years
 (4) _____ 4 years
 (5) _____ Other (more than 4 years)
7. Would you prefer to have content on China in the new programme?
- (1) _____ Yes
 (2) _____ No (End of this questionnaire.)
8. What kind of subjects about China would you prefer in the new programme?
 (Please specify one subject area, e.g. accounting, management, education, or economics _____).

- END OF QUESTIONNAIRE -

Appendix C: Instrument for OLIHK MBA Students

The Open Learning Institute of Hong Kong School of Business and Administration

August 1996

Dear MBA Student

We would like to invite you to participate in a research project by completing the enclosed questionnaire. You, as a distance student of our MBA programme, are in the best position to evaluate distance education programmes in Hong Kong. So we are eager to have your feedback to understand your needs and expectations. A questionnaire has been designed specifically for this purpose.

Please take a few minutes to think about your study and answer the questions in the questionnaire. It will take you about 20 minutes to complete the enclosed questionnaire. The success of this research totally depends on your co-operation. The higher the return rate is, the more representative the results will be. Remember: there is no right or wrong answer. It is your opinion that we are interested in.

You are assured that your response will be kept strictly confidential. No attempt will be made to identify individual respondents. So there is no need to put your name or student number on the questionnaire.

Please return your completed questionnaire with the enclosed stamped addressed envelope to us on or before September 30, 1996.

Thank you very much for your co-operation.

Yours sincerely

W. C. Leung
Project Researcher
School of Business and Administration

Section 1: Personal Data

Please TICK ONE ANSWER ONLY for each question to tell us:

1. your sex.
(1) _____ Male
(2) _____ Female

2. your age.
(1) _____ 29 or below
(2) _____ 30-39
(3) _____ 40-49
(4) _____ 50 or over

3. your education level. (the highest attainment only.)
(1) _____ Secondary level or below
(2) _____ Post-Secondary or diploma/higher diploma level
(3) _____ Degree level
(4) _____ Higher degree level, e.g. master's degree level
(5) _____ Professional qualifications, e.g. accountant or engineer

4. your occupation.
(1) _____ Managerial/professional
(2) _____ Clerical
(3) _____ Operative/technical/skilled workers
(4) _____ Elementary occupations (unskilled workers)
(5) _____ Other (Please specify: _____)

5. whether your current job requires you to work in the People's Republic of China (China).
(1) _____ Yes
(2) _____ No

6. your current annual income (in one year), including housing allowance and bonus.
(1) _____ Below HK\$ 149,999
(2) _____ HK\$ 150,000 to HK\$ 199,999
(3) _____ HK\$ 200,000 to HK\$ 249,999
(4) _____ HK\$ 250,000 to HK\$ 299,000
(5) _____ Over HK\$ 300,000
(6) _____ Other (Please specify: _____)

7. the kind of industry that your employer's organisation engages in.
(1) _____ Manufacturing
(2) _____ Building and construction
(3) _____ Wholesale, retail, import & export trade, restaurants & hotels
(4) _____ Transport, storage and communications
(5) _____ Finance, insurance, real estate and business services
(6) _____ Community, social and personal services.

8. the number of years' working experience you have.
- (1) _____ 4 years or below
 (2) _____ 5 to 9 years
 (3) _____ 10 to 15 years
 (4) _____ 16 to 20 years
 (5) _____ 21 years or more

Section 2: Evaluation of a Distance Education Programme

Please read the questions below and TICK ONE ANSWER ONLY for each question.

1. Which one of the following is the most important factor motivating you to study a distance MBA programme in Hong Kong?
- (1) _____ To secure your job
 (2) _____ To improve your management skills and knowledge
 (3) _____ To consolidate your human relationships
 (4) _____ To advance your educational qualifications
 (5) _____ Other factors (Please specify: _____)
2. Which one of the following is the most important aspect for you in choosing a distance MBA programme in Hong Kong?
- (1) _____ Course fee (for the whole programme)
 (2) _____ The length of the study (for the whole programme)
 (3) _____ The flexibility of study (choice of course and place of study)
 (4) _____ Job security (i.e. no need to quit your current job)
 (5) _____ Recognition of the Degree awarded
 (6) _____ Other (please specify: _____)
3. For the whole programme of a distance MBA in Hong Kong, what do you think should be the appropriate level of course fee?
- (1) _____ Below HK\$ 79,999
 (2) _____ HK\$ 80,000 to HK\$ 99,999
 (3) _____ HK\$ 100,000 to HK\$ 119,999
 (4) _____ HK\$ 120,000 to HK\$ 139,999
 (5) _____ HK\$ 140,000 to HK\$ 159,999
 (6) _____ Over HK\$ 160,000
4. For the whole programme of a distance MBA in Hong Kong, what do you think should be the appropriate complete length of study?
- (1) _____ 1 year
 (2) _____ 2 years
 (3) _____ 3 years
 (4) _____ 4 years
 (5) _____ Other (please specify: _____ years)

5. Which written language(s) for books/materials of a distance MBA programme do you think is most suitable for you?
- (1) _____ Chinese
 (2) _____ English
 (3) _____ Chinese and English together
6. Which kind of accompanying support from the distance education institution do you think is most necessary for you?
- (1) _____ Local study centre with local tutorial support
 (2) _____ Computer facilities linked to the Institution
 (3) _____ Telephone tutorial support
 (4) _____ Other (Please specify: _____)
7. Does a relationship exist between the completion of a distance MBA programme and job promotion?
- (1) _____ Yes, the reason (_____)
 (2) _____ No, the reason (_____)
 (3) _____ I am not sure
8. Does your employer grade the distance MBA programmes lower than the full-time MBA programmes?
- (1) _____ Yes (Please answer to Question 9.)
 (2) _____ No (No need to answer Question 9.)
 (3) _____ I am not certain (No need to answer Question 9.)
9. Which one of the following is the most likely factor that your employer rates distance MBA programmes lower than full-time MBA programmes?
- (1) _____ Academic level
 (2) _____ University status
 (3) _____ Government recognition
 (4) _____ Programme structure
 (5) _____ Other (Please specify: _____)
10. Which one of the following is the most useful type of programme for Hong Kong's employees to upgrade their qualifications in the near future?
- (1) _____ Sub-degree programmes, such as certificate or diploma level
 (2) _____ Professional examination programme, such as those for HKSA
 (3) _____ Business Bachelor degree programme
 (4) _____ Master degree programme, e.g. MBA
 (5) _____ Doctorate degree programme, e.g. Doctor of Business Administration
11. Will the current higher education system of Hong Kong be changed after Hong Kong becomes a Special Administrative Region of China in 1997?
- (1) _____ Yes
 (2) _____ No
 (3) _____ I am not sure (Go to Question 13.)

12. If the current higher education system of Hong Kong were changed after 1997, which country's higher education system should Hong Kong follow?
- (1) _____ Australia's higher education system
 (2) _____ China's higher education system
 (3) _____ USA's higher education system
 (4) _____ UK's higher education system
 (5) _____ A mixed system: HK's system together with that of another (Please specify the country: _____)
13. Do you agree that the distance MBA programme you are studying is an effective management training programme for China's students?
- (1) _____ Yes, the reason (_____)
 (2) _____ No, the reason (_____)
 (3) _____ I am not sure
14. In your opinion, which are the most likely classes of people who would study a distance MBA programme in China?
- (1) _____ Cadres, e.g. senior officer in the Chinese government
 (2) _____ Managers in private companies or joint venture companies
 (3) _____ Professionals, e.g. accountant or engineer
 (4) _____ Entrepreneurs, e.g. self-employed businessman
 (5) _____ Other (Please specify: _____)
15. If the current distance MBA programme were launched in China, which one of the following aspects should be revised to suit Chinese students? (Please tick one and specify how it should be revised.)
- (1) _____ Course material (Please specify: _____)
 (2) _____ Course fee (Please specify: _____)
 (3) _____ Tutorial support (Please specify: _____)
 (4) _____ Other (Please specify: _____)

Section 3: Intention to Undertake Further Study

Please read the questions below and TICK ONE ANSWER ONLY for each question.

1. Will you continue to study for a new programme when you have completed your current distance education programme? (Please tick one and explain your reason.)
- (1) _____ Yes, the reason (_____)
 (2) _____ No, the reason (_____)
 (If your answer is "No", there is no need to answer the remainder of this questionnaire.)

2. Which level of the following new programmes will you consider studying? (Please tick one and state the subject you want to study, e.g. Information System or MBA or Education).
- (1) _____ Diploma level (Please specify the subject: _____)
 (2) _____ Degree level (Please specify the subject: _____)
 (3) _____ Master level (Please specify the subject: _____)
 (4) _____ Doctorate level (Please specify the subject: _____)
 (5) _____ Professional qualification (Please specify the subject: _____)
 (6) _____ Other (Please specify: _____)
3. If you are considering studying a new programme, which one of the study modes would you prefer?
- (1) _____ Local full-time on campus, e.g. The Chinese University of Hong Kong
 (2) _____ Local part-time evening on campus, e.g. University of Hong Kong
 (3) _____ Distance education programme in Hong Kong, e.g. University of Hull
 (4) _____ Overseas full-time on campus, e.g. University of Warwick
4. If you are considering studying a new programme, which of the following countries' programmes would you prefer?
- (1) _____ Australian programmes
 (2) _____ Chinese programmes
 (3) _____ Hong Kong programmes
 (4) _____ USA programmes
 (5) _____ UK programmes
 (6) _____ Other (Please specify the country: _____)
5. If you are considering studying a new programme, what would be the most appropriate level of course fee for a whole programme?
- (1) _____ Below HK\$ 79,999
 (2) _____ HK\$ 80,000 to HK\$ 99,999
 (3) _____ HK\$ 100,000 to HK\$ 119,999
 (4) _____ HK\$ 120,000 to HK\$ 139,999
 (5) _____ HK\$ 140,000 to HK\$ 159,999
 (6) _____ Over HK\$ 160,000
6. If you are considering studying a new programme, what would be the most appropriate length of study?
- (1) _____ 1 year
 (2) _____ 2 years
 (3) _____ 3 years
 (4) _____ 4 years
 (5) _____ Other (more than 4 years)
7. Would you prefer to have content on China in the new programme?
- (1) _____ Yes
 (2) _____ No (End of this questionnaire.)
8. What kind of subjects about China would you prefer in the new programme?
 (Please specify one subject area, e.g. accounting, management, education, or economics _____).

PLEASE INSERT THIS QUESTIONNAIRE INTO THE ENCLOSED
 STAMPED ADDRESSED ENVELOPE.

Appendix D: Instrument for Curtin Master Degree Students

The Open Learning Institute of Hong Kong School of Business and Administration

Overseas Programme (Master of Accounting)
School of Accounting
Curtin University

August 1996

Dear Student

We would like to invite you to participate in a research project by completing the enclosed questionnaire. You, as a distance student of a Master degree programme, are in the best position to evaluate distance education programmes in Hong Kong. So we are eager to have your feedback to understand your needs and expectations. A questionnaire has been designed specifically for this purpose.

Please take a few minutes to think about your study and answer the questions in the questionnaire. It will take you about 20 minutes to complete the enclosed questionnaire. The success of this research totally depends on your co-operation. The higher the return rate is, the more representative the results will be. Remember: there is no right or wrong answer. It is your opinion that we are interested in.

You are assured that your response will be kept strictly confidential. No attempt will be made to identify individual respondents. So there is no need to put your name or student number on the questionnaire.

Please return your completed questionnaire at the end of your tutorial school.

Thank you very much for your co-operation.

Yours sincerely

W. C. Leung
Project Researcher
School of Business and Administration

Section 1: Personal Data

Please TICK ONE ANSWER ONLY for each question to tell us:

1. your sex.
(1) _____ Male
(2) _____ Female

2. your age.
(1) _____ 29 or below
(2) _____ 30-39
(3) _____ 40-49
(4) _____ 50 or over

3. your education level. (the highest attainment only.)
(1) _____ Secondary level or below
(2) _____ Post-secondary or diploma/higher diploma level
(3) _____ Degree level
(4) _____ Higher degree level, e.g. Master degree level
(5) _____ Professional qualifications, e.g. accountant or engineer

4. your occupation.
(1) _____ Managerial/professional
(2) _____ Clerical
(3) _____ Operative/technical/skilled workers
(4) _____ Elementary occupations (unskilled workers)
(5) _____ Other (Please specify: _____)

5. whether your current job requires you to work in the People's Republic of China (China).
(1) _____ Yes
(2) _____ No

6. your current annual income (in one year), including housing allowance and bonus.
(1) _____ Below HK\$ 149,999
(2) _____ HK\$ 150,000 to HK\$ 199,999
(3) _____ HK\$ 200,000 to HK\$ 249,999
(4) _____ HK\$ 250,000 to HK\$ 299,000
(5) _____ Over HK\$ 300,000
(6) _____ Other (Please specify: _____)

7. the kind of industry that your employer's organisation engages in.
(1) _____ Manufacturing
(2) _____ Building and construction
(3) _____ Wholesale, retail, import & export trade, restaurants & hotels
(4) _____ Transport, storage and communications
(5) _____ Finance, insurance, real estate and business services
(6) _____ Community, social and personal services.

8. the number of years' working experience you have.

- (1)_____ 4 years or below
- (2)_____ 5 to 9 years
- (3)_____ 10 to 15 years
- (4)_____ 16 to 20 years
- (5)_____ 21 years or more

Section 2: Evaluation of a Distance Education Programme

Please read the questions below and TICK ONE ANSWER ONLY for each question.

1. Which one of the following is the most important factor motivating you to study a distance Master degree programme in Hong Kong?
 - (1)_____ To secure your job
 - (2)_____ To improve your management skills and knowledge
 - (3)_____ To consolidate your human relationships
 - (4)_____ To advance your educational qualifications
 - (5)_____ Other factors (Please specify: _____)

2. Which one of the following is the most important aspect for you in choosing a distance Master degree programme in Hong Kong?
 - (1)_____ Course fee (for the whole programme)
 - (2)_____ The length of the study (for the whole programme)
 - (3)_____ The flexibility of study (choice of course and place of study)
 - (4)_____ Job security (i.e. no need to quit your current job)
 - (5)_____ Recognition of the Degree awarded
 - (6)_____ Other (please specify: _____)

3. For the whole programme of a distance Master degree in Hong Kong, what do you think should be the appropriate level of course fee?
 - (1)_____ Below HK\$ 79,999
 - (2)_____ HK\$ 80,000 to HK\$ 99,999
 - (3)_____ HK\$ 100,000 to HK\$ 119,999
 - (4)_____ HK\$ 120,000 to HK\$ 139,999
 - (5)_____ HK\$ 140,000 to HK\$ 159,999
 - (6)_____ Over HK\$ 160,000

4. For the whole programme of a distance Master degree in Hong Kong, what do you think should be the appropriate complete length of study?
 - (1)_____ 1 year
 - (2)_____ 2 years
 - (3)_____ 3 years
 - (4)_____ 4 years
 - (5)_____ Other (please specify: _____ years)

Which written language(s) for books/materials of a distance Master degree programme do you think is most suitable for you?

- (1) _____ Chinese
- (2) _____ English
- (3) _____ Chinese and English together

Which kind of accompanying support from the distance education institution do you think is most necessary for you?

- (1) _____ Local study centre with local tutorial support
- (2) _____ Computer facilities linked the Institute's library
- (3) _____ Telephone tutorial support
- (4) _____ Other (Please specify: _____)

Does a relationship exist between the completion of a distance Master degree programme and job promotion?

- (1) _____ Yes, the reason (_____)
- (2) _____ No, the reason (_____)
- (3) _____ I am not sure

Does your employer rate the distance Master degree programmes lower than the full-time Master degree programmes?

- (1) _____ Yes (Please answer to Question 9.)
- (2) _____ No (No need to answer Question 9.)
- (3) _____ I am not certain (No need to answer Question 9.)

Which one of the following is the most likely factor that your employer rates distance Master degree programmes lower than full-time programmes?

- (1) _____ Academic level
- (2) _____ University status
- (3) _____ Government recognition
- (4) _____ Programme structure
- (5) _____ Other (Please specify: _____)

10. Which one of the following is the most useful type of programme for Hong Kong's employees to upgrade their qualifications in the near future?

- (1) _____ Sub-degree programmes, such as certificate or diploma level
- (2) _____ Professional examination programme, such as those for HKSA
- (3) _____ Business Bachelor degree programme
- (4) _____ Master degree programme, e.g. MBA
- (5) _____ Doctorate degree programme, e.g. Doctor of Business Administration

11. Will the current higher education system of Hong Kong be changed after Hong Kong becomes a Special Administrative Region of China in 1997?

- (1) _____ Yes
- (2) _____ No
- (3) _____ I am not sure (Go to Question 13.)

If the current higher education system of Hong Kong were changed after 1997, which country's higher education system should Hong Kong follow?

- (1) _____ Australia's higher education system
- (2) _____ China's higher education system
- (3) _____ USA's higher education system
- (4) _____ UK's higher education system
- (5) _____ A mixed system: HK's system together with that of another (Please specify the country: _____)

3. Do you agree that the distance Master degree programme you are studying is an effective management training programme for China's students?

- (1) _____ Yes, the reason (_____)
- (2) _____ No, the reason (_____)
- (3) _____ I am not sure

4. In your opinion, which are the most likely classes of people who would study a distance Master degree programme in China?

- (1) _____ Cadres, e.g. senior officer in the Chinese government
- (2) _____ Managers in private companies or joint venture companies
- (3) _____ Professionals, e.g. accountant or engineer
- (4) _____ Entrepreneurs, e.g. self-employed businessman
- (5) _____ Other (Please specify: _____)

5. If the current distance Master degree programme were launched in China, which one of the following aspects should be revised to suit Chinese students? (Please tick one and specify how it should be revised.)

- (1) _____ Course material (Please specify: _____)
- (2) _____ Course fee (Please specify: _____)
- (3) _____ Tutorial support (Please specify: _____)
- (4) _____ Other (Please specify: _____)

Section 3: Intention to Undertake Further Study

Please read the questions below and TICK ONE ANSWER ONLY for each question.

1. Will you continue to study for a new programme when you have completed your current distance education programme? (Please tick one and explain your reason.)

- (1) _____ Yes, the reason (_____)
- (2) _____ No, the reason (_____)
(If your answer is "No", there is no need to answer the remainder of this questionnaire.)

Which level of the following new programmes will you consider studying? (Please tick one and state the subject you want to study, e.g. Information System or MBA or Education).

- (1) _____ Diploma level (Please specify the subject: _____)
- (2) _____ Degree level (Please specify the subject: _____)
- (3) _____ Master level (Please specify the subject: _____)
- (4) _____ Doctorate level (Please specify the subject: _____)
- (5) _____ Professional qualification (Please specify the subject: _____)
- (6) _____ Other (Please specify: _____)

If you are considering studying a new programme, which one of the study modes would you prefer?

- (1) _____ Local full-time on campus, e.g. The Chinese University of Hong Kong
- (2) _____ Local part-time evening on campus, e.g. University of Hong Kong
- (3) _____ Distance education programme in Hong Kong, e.g. University of Hull
- (4) _____ Overseas full-time on campus, e.g. University of Warwick

If you are considering studying a new programme, which of the following countries' programmes would you prefer?

- (1) _____ Australian programmes
- (2) _____ Chinese programmes
- (3) _____ Hong Kong programmes
- (4) _____ USA programmes
- (5) _____ UK programmes
- (6) _____ Other (Please specify the country: _____)

If you are considering studying a new programme, what would be the most appropriate level of course fee for a whole programme?

- (1) _____ Below HK\$ 79,999
- (2) _____ HK\$ 80,000 to HK\$ 99,999
- (3) _____ HK\$ 100,000 to HK\$ 119,999
- (4) _____ HK\$ 120,000 to HK\$ 139,999
- (5) _____ HK\$ 140,000 to HK\$ 159,999
- (6) _____ Over HK\$ 160,000

5. If you are considering studying a new programme, what would be the most appropriate length of study?

- (1) _____ 1 year
- (2) _____ 2 years
- (3) _____ 3 years
- (4) _____ 4 years
- (5) _____ Other (more than 4 years)

7. Would you prefer to have content on China in the new programme?

- (1) _____ Yes
- (2) _____ No (End of this questionnaire.)

3. What kind of subjects about China would you prefer in the new programme?
(Please specify one subject area, e.g. accounting, management, education, or economics
_____).

- END OF QUESTIONNAIRE -

Appendix E: Instrument for Henley MBA students

The Open Learning Institute of Hong Kong School of Business and Administration

Distance MBA Programme in Hong Kong
Henley Management College
Hong Kong Office

July 1996

Dear Student

We would like to invite you to participate in a research project by completing the enclosed questionnaire. You, as a student of a distance MBA programme, are in the best position to evaluate distance education programmes in Hong Kong. So we are eager to have your feedback to understand your needs and expectations. A questionnaire has been designed specifically for this purpose.

Please take a few minutes to think about your study and answer the questions in the questionnaire. It will take you about 20 minutes to complete the enclosed questionnaire. The success of this research totally depends on your co-operation. The higher the return rate is, the more representative the results will be. Remember: there is no right or wrong answer. It is your opinion that we are interested in.

You are assured that your response will be kept strictly confidential. No attempt will be made to identify individual respondents. So there is no need to put your name or student number on the questionnaire.

Please return your completed questionnaire with the enclosed stamped addressed envelope to us on or before August 31, 1996.

Thank you very much for your co-operation.

Yours sincerely

V. C. Leung
Project Researcher
School of Business and Administration

Section 1: Personal Data

Please TICK ONE ANSWER ONLY for each question to tell us:

1. your sex.

- (1) _____ Male
(2) _____ Female

2. your age.

- (1) _____ 29 or below
(2) _____ 30-39
(3) _____ 40-49
(4) _____ 50 or over

3. your education level. (the highest attainment only.)

- (1) _____ Secondary level or below
(2) _____ Post-secondary or diploma/higher diploma level
(3) _____ Degree level
(4) _____ Higher degree level, e.g. master's degree level
(5) _____ Professional qualifications, e.g. accountant or engineer

4. your occupation.

- (1) _____ Managerial/professional
(2) _____ Clerical
(3) _____ Operative/technical/skilled workers
(4) _____ Elementary occupations (unskilled workers)
(5) _____ Other (Please specify: _____)

5. whether your current job requires you to work in the People's Republic of China (China).

- (1) _____ Yes
(2) _____ No

5. your current annual income (in one year), including housing allowance and bonus.

- (1) _____ Below HK\$ 149,999
(2) _____ HK\$ 150,000 to HK\$ 199,999
(3) _____ HK\$ 200,000 to HK\$ 249,999
(4) _____ HK\$ 250,000 to HK\$ 299,000
(5) _____ Over HK\$ 300,000
(6) _____ Other (Please specify: _____)

6. the kind of industry that your employer's organisation engages in.

- (1) _____ Manufacturing
(2) _____ Building and construction
(3) _____ Wholesale, retail, import & export trade, restaurants & hotels
(4) _____ Transport, storage and communications
(5) _____ Finance, insurance, real estate and business services
(6) _____ Community, social and personal services.

the number of years' working experience you have.

- (1)_____ 4 years or below
- (2)_____ 5 to 9 years
- (3)_____ 10 to 15 years
- (4)_____ 16 to 20 years
- (5)_____ 21 years or more

Section 2: Evaluation of a Distance Education Programme

Please read the questions below and TICK ONE ANSWER ONLY for each question.

1. Which one of the following is the most important factor motivating you to study a distance MBA programme in Hong Kong?
 - (1)_____ To secure your job
 - (2)_____ To improve your management skills and knowledge
 - (3)_____ To consolidate your human relationships
 - (4)_____ To advance your educational qualifications
 - (5)_____ Other factors (Please specify: _____)

2. Which one of the following is the most important aspect for you in choosing a distance MBA programme in Hong Kong?
 - (1)_____ Course fee (for the whole programme)
 - (2)_____ The length of the study (for the whole programme)
 - (3)_____ The flexibility of study (choice of course and place of study)
 - (4)_____ Job security (i.e. no need to quit your current job)
 - (5)_____ Recognition of the Degree awarded
 - (6)_____ Other (please specify: _____)

3. For the whole programme of a distance MBA in Hong Kong, what do you think should be the appropriate level of course fee?
 - (1)_____ Below HK\$ 79,999
 - (2)_____ HK\$ 80,000 to HK\$ 99,999
 - (3)_____ HK\$ 100,000 to HK\$ 119,999
 - (4)_____ HK\$ 120,000 to HK\$ 139,999
 - (5)_____ HK\$ 140,000 to HK\$ 159,999
 - (6)_____ Over HK\$ 160,000

4. For the whole programme of a distance MBA in Hong Kong, what do you think should be the appropriate complete length of study?
 - (1)_____ 1 year
 - (2)_____ 2 years
 - (3)_____ 3 years
 - (4)_____ 4 years
 - (5)_____ Other (please specify: _____ years)

5. Which written language(s) for books/materials of a distance MBA programme do you think is most suitable for you?
- (1) _____ Chinese
 (2) _____ English
 (3) _____ Chinese and English together
6. Which kind of accompanying support from the distance education institution do you think is most necessary for you?
- (1) _____ Local study centre with local tutorial support
 (2) _____ Computer facilities linked to the Institution
 (3) _____ Telephone tutorial support
 (4) _____ Other (Please specify: _____)
7. Does a relationship exist between the completion of a distance MBA programme and job promotion?
- (1) _____ Yes, the reason (_____)
 (2) _____ No, the reason (_____)
 (3) _____ I am not sure
8. Does your employer rate the distance MBA programmes lower than the full-time MBA programmes?
- (1) _____ Yes (Please answer to Question 9.)
 (2) _____ No (No need to answer Question 9.)
 (3) _____ I am not certain (No need to answer Question 9.)
9. Which one of the following is the most likely factor that your employer rates distance MBA programmes lower than full-time MBA programmes?
- (1) _____ Academic level
 (2) _____ University status
 (3) _____ Government recognition
 (4) _____ Programme structure
 (5) _____ Other (Please specify: _____)
10. Which one of the following is the most useful type of programme for Hong Kong's employees to upgrade their qualifications in the near future?
- (1) _____ Sub-degree programmes, such as certificate or diploma level
 (2) _____ Professional examination programme, such as those for HKSA
 (3) _____ Business Bachelor degree programme
 (4) _____ Master degree programme, e.g. MBA
 (5) _____ Doctorate degree programme, e.g. Doctor of Business Administration
11. Will the current higher education system of Hong Kong be changed after Hong Kong becomes a Special Administrative Region of China in 1997?
- (1) _____ Yes
 (2) _____ No
 (3) _____ I am not sure (Go to Question 13.)

12. If the current higher education system of Hong Kong were changed after 1997, which country's higher education system should Hong Kong follow?
- (1) _____ Australia's higher education system
 (2) _____ China's higher education system
 (3) _____ USA's higher education system
 (4) _____ UK's higher education system
 (5) _____ A mixed system: HK's system together with that of another (Please specify the country: _____)
13. Do you agree that the distance MBA programme you are studying is an effective management training programme for China's students?
- (1) _____ Yes, the reason (_____)
 (2) _____ No, the reason (_____)
 (3) _____ I am not sure
14. In your opinion, which are the most likely classes of people who would study a distance MBA programme in China?
- (1) _____ Cadres, e.g. senior officer in the Chinese government
 (2) _____ Managers in private companies or joint venture companies
 (3) _____ Professionals, e.g. accountant or engineer
 (4) _____ Entrepreneurs, e.g. self-employed businessman
 (5) _____ Other (Please specify: _____)
15. If the current distance MBA programme were launched in China, which one of the following aspects should be revised to suit Chinese students? (Please tick one and specify how it should be revised.)
- (1) _____ Course material (Please specify: _____)
 (2) _____ Course fee (Please specify: _____)
 (3) _____ Tutorial support (Please specify: _____)
 (4) _____ Other (Please specify: _____)

Section 3: Intention to Undertake Further Study

Please read the questions below and TICK ONE ANSWER ONLY for each question.

1. Will you continue to study for a new programme when you have completed your current distance education programme? (Please tick one and explain your reason.)
- (1) _____ Yes, the reason (_____)
 (2) _____ No, the reason (_____)
 (If your answer is "No", there is no need to answer the remainder of this questionnaire.)

2. Which level of the following new programmes will you consider studying? (Please tick one and state the subject you want to study, e.g. Information System or MBA or Education).
- (1) _____ Diploma level (Please specify the subject: _____)
 (2) _____ Degree level (Please specify the subject: _____)
 (3) _____ Master level (Please specify the subject: _____)
 (4) _____ Doctorate level (Please specify the subject: _____)
 (5) _____ Professional qualification (Please specify the subject: _____)
 (6) _____ Other (Please specify: _____)
3. If you are considering studying a new programme, which one of the study modes would you prefer?
- (1) _____ Local full-time on campus, e.g. The Chinese University of Hong Kong
 (2) _____ Local part-time evening on campus, e.g. University of Hong Kong
 (3) _____ Distance education programme in Hong Kong, e.g. University of Hull
 (4) _____ Overseas full-time on campus, e.g. University of Warwick
4. If you are considering studying a new programme, which of the following countries' programmes would you prefer?
- (1) _____ Australian programmes
 (2) _____ Chinese programmes
 (3) _____ Hong Kong programmes
 (4) _____ USA programmes
 (5) _____ UK programmes
 (6) _____ Other (Please specify the country: _____)
5. If you are considering studying a new programme, what would be the most appropriate level of course fee for a whole programme?
- (1) _____ Below HK\$ 79,999
 (2) _____ HK\$ 80,000 to HK\$ 99,999
 (3) _____ HK\$ 100,000 to HK\$ 119,999
 (4) _____ HK\$ 120,000 to HK\$ 139,999
 (5) _____ HK\$ 140,000 to HK\$ 159,999
 (6) _____ Over HK\$ 160,000
6. If you are considering studying a new programme, what would be the most appropriate length of study?
- (1) _____ 1 year
 (2) _____ 2 years
 (3) _____ 3 years
 (4) _____ 4 years
 (5) _____ Other (more than 4 years)
7. Would you prefer to have content on China in the new programme?
- (1) _____ Yes
 (2) _____ No (End of this questionnaire.)
8. What kind of subjects about China would you prefer in the new programme?
 (Please specify one subject area, e.g. accounting, management, education, or economics _____).

PLEASE INSERT THIS QUESTIONNAIRE INTO THE ENCLOSED STAMPED
 ADDRESSED ENVELOPE.

Appendix F: Instrument for Hong Kong Adults

The Open Learning Institute of Hong Kong School of Business and Administration

August 1996

Dear Sir/Madam

Thank you for your interest in our distance education programme in Hong Kong.

We would like to invite you to participate in a questionnaire survey. You, as a potential distance student, are in a good position to help us to evaluate distance education programmes in Hong Kong.

Please spend a few minutes to think about your study and answer our questions in the enclosed questionnaire. It will just take you only about 15 minutes to complete the questionnaire. The success of this survey totally depends on your co-operation.

Remember: there is no right or wrong answer. It is your opinion that we are interested in. You are assured that your response will be kept strictly confidential. Please return your completed questionnaire with the enclosed stamped envelope to us on or before August 31, 1996.

As a token of thanks, fifteen elegant "Environmental Wrist Watches" (list price HK\$400) will be given free to respondents who complete and return the questionnaire on a "first come first served" basis. Please complete fully and return your questionnaire right now.

Thank you very much for your co-operation.

Yours sincerely

W. C. Leung
Project Researcher
School of Business and Administration

Section 1: Personal Data

Please TICK ONE ANSWER ONLY for each question to tell us:

1. your sex.
(1) _____ Male
(2) _____ Female

2. your age.
(1) _____ 29 or below
(2) _____ 30-39
(3) _____ 40-49
(4) _____ 50 or over

3. your education level. (the highest attainment only.)
(1) _____ Secondary level or below
(2) _____ Post-Secondary or diploma/higher diploma level
(3) _____ Degree level
(4) _____ Higher degree level, e.g. master's degree level
(5) _____ Professional qualifications, e.g. accountant or engineer

4. your occupation.
(1) _____ Managerial/professional
(2) _____ Clerical
(3) _____ Operative/technical/skilled workers
(4) _____ Elementary occupations (unskilled workers)
(5) _____ Other (Please specify: _____)

5. whether your current job requires you to work in the People's Republic of China (China).
(1) _____ Yes
(2) _____ No

6. your current annual income (in one year), including housing allowance and bonus.
(1) _____ Below HK\$ 149,999
(2) _____ HK\$ 150,000 to HK\$ 199,999
(3) _____ HK\$ 200,000 to HK\$ 249,999
(4) _____ HK\$ 250,000 to HK\$ 299,000
(5) _____ Over HK\$ 300,000
(6) _____ Other (Please specify: _____)

7. the kind of industry that your employer's organisation engages in.
(1) _____ Manufacturing
(2) _____ Building and construction
(3) _____ Wholesale, retail, import & export trade, restaurants & hotels
(4) _____ Transport, storage and communications
(5) _____ Finance, insurance, real estate and business services
(6) _____ Community, social and personal services.

8. the number of years' working experience you have.

- (1)_____ 4 years or below
- (2)_____ 5 to 9 years
- (3)_____ 10 to 15 years
- (4)_____ 16 to 20 years
- (5)_____ 21 years or more

Section 2: Evaluation of a Distance Education Programme

Please read the questions below and TICK ONE ANSWER ONLY for each question.

1. Which one of the following is the most important factor motivating you to study a distance education programme in Hong Kong?

- (1)_____ To secure your job
- (2)_____ To improve your management skills and knowledge
- (3)_____ To consolidate your human relationships
- (4)_____ To advance your educational qualifications
- (5)_____ Other factors (Please specify: _____)

2. Which one of the following is the most important aspect for you in choosing a distance education programme in Hong Kong?

- (1)_____ Course fee (for the whole programme)
- (2)_____ The length of the study (for the whole programme)
- (3)_____ The flexibility of study (choice of course and place of study)
- (4)_____ Job security (i.e. no need to quit your current job)
- (5)_____ Recognition of the Degree awarded
- (6)_____ Other (please specify: _____)

3. Which written language(s) for books/materials of a distance education programme do you think is most suitable for you?

- (1)_____ Chinese
- (2)_____ English
- (3)_____ Chinese and English together

4. Which kind of accompanying support from the distance education institution do you think is most necessary for you?

- (1)_____ Local study centre with local tutorial support
- (2)_____ Computer facilities with access to the Institute's library
- (3)_____ Telephone tutorial support
- (4)_____ Other (Please specify: _____)

5. Does a relationship exist between the completion of a distance education programme and job promotion?

- (1)_____ Yes, the reason (_____)
- (2)_____ No, the reason (_____)
- (3)_____ I am not sure

6. Does your employer rate the distance education programmes lower than the full-time programmes?
- (1) _____ Yes (Please answer to Question 7.)
 (2) _____ No (No need to answer Question 7.)
 (3) _____ I am not certain (No need to answer Question 7.)
7. Which one of the following is the most likely factor that your employer rates distance education programmes lower than full-time programmes?
- (1) _____ Academic level
 (2) _____ University status
 (3) _____ Government recognition
 (4) _____ Programme structure
 (5) _____ Other (Please specify: _____)
8. Which one of the following is the most useful type of programme for Hong Kong's employees to upgrade their qualifications in the near future?
- (1) _____ Sub-degree programmes, such as certificate or diploma level
 (2) _____ Professional examination programme, such as those for HKSA
 (3) _____ Business Bachelor degree programme
 (4) _____ Master degree programme, e.g. MBA
 (5) _____ Doctorate degree programme, e.g. Doctor of Business Administration
9. Will the current higher education system of Hong Kong be changed after Hong Kong becomes a Special Administrative Region of China in 1997?
- (1) _____ Yes
 (2) _____ No
 (3) _____ I am not sure
10. If the current higher education system of Hong Kong were changed after 1997, which country's higher education system should Hong Kong follow?
- (1) _____ Australia's higher education system
 (2) _____ China's higher education system
 (3) _____ USA's higher education system
 (4) _____ UK's higher education system
 (5) _____ A mixed system: HK's system together with that of another (Please specify the country: _____)

Section 3: Intention to Undertake Further Study

Please read the questions below and TICK ONE ANSWER ONLY for each question.

1. Which level of the following new programmes will you consider studying? (Please tick one and state the subject you want to study, e.g. Information System or MBA or Education).
- (1) _____ Diploma level (Please specify the subject: _____)
 (2) _____ Degree level (Please specify the subject: _____)
 (3) _____ Master level (Please specify the subject: _____)
 (4) _____ Doctorate level (Please specify the subject: _____)
 (5) _____ Professional qualification (Please specify the subject: _____)
 (6) _____ Other (Please specify: _____)

2. If you are considering studying a new programme, which one of the study modes would you prefer?
- (1) _____ Local full-time on campus, e.g. The Chinese University of Hong Kong
 (2) _____ Local part-time evening on campus, e.g. University of Hong Kong
 (3) _____ Distance education programme in Hong Kong, e.g. University of Hull
 (4) _____ Overseas full-time on campus, e.g. University of Warwick
3. If you are considering studying a new programme, which of the following countries' programmes would you prefer?
- (1) _____ Australian programmes
 (2) _____ Chinese programmes
 (3) _____ Hong Kong programmes
 (4) _____ USA programmes
 (5) _____ UK programmes
 (6) _____ Other (Please specify the country: _____)
4. If you are considering studying a new programme, what would be the most appropriate level of course fee for a whole programme?
- (1) _____ Below HK\$ 79,999
 (2) _____ HK\$ 80,000 to HK\$ 99,999
 (3) _____ HK\$ 100,000 to HK\$ 119,999
 (4) _____ HK\$ 120,000 to HK\$ 139,999
 (5) _____ HK\$ 140,000 to HK\$ 159,999
 (6) _____ Over HK\$ 160,000
5. If you are considering studying a new programme, what would be the most appropriate length of study?
- (1) _____ 1 year
 (2) _____ 2 years
 (3) _____ 3 years
 (4) _____ 4 years
 (5) _____ Other (more than 4 years)
6. Would you prefer to have content on China in the new programme?
- (1) _____ Yes
 (2) _____ No (End of this questionnaire.)
7. What kind of subjects about China would you prefer in the new programme?
 (Please specify one subject area, e.g. accounting, management, education, or economics
 _____).

- END OF QUESTIONNAIRE -

Reply Slip of Questionnaire Survey

Instruction:

- a) Please complete all sections of the questionnaire. Remember: there is no right or wrong answer. It is your opinion that we are interested in. You are assured that your response will be kept strictly confidential.
- b) The souvenir is free given on a "first come first served" basis. Fill in the following reply slip, if you want to have the souvenir.
- c) Please return the completed questionnaire and this reply slip to the Open Learning Institute of Hong Kong on or before August 31, 1996 by using the enclosed envelope.

Thank you very much for your help!

Reply slip for the mailing of souvenir

Name (Optional): _____

Contact Tel (Optional): _____

Postal Address: _____

Notification of souvenir's redemption will be sent separately at the end of November 1996.