

Can Singapore become the Boston of Asia?



BY DAMIEN DUHAMEL

In less than 10 years, Singapore has made very significant inroads in the lucrative and strategic education sector, which accounts for about 2.2 percent of Singapore's GDP. It employs slightly more than 52,000 people and represents a total market worth about S\$3.77 billion.

Like the city of Boston in the US state of Massachusetts, Singapore is fast becoming a mecca for diplomas, degrees and higher education. In 1986, the Economic Committee led by then Minister of Trade Lee Hsien Loong identified education as one of the key service sectors to be promoted. Then, in 1998, the Economic Development Board (EDB) embarked on a plan to attract at least 10 world class institutions to Singapore within 10 years.

Today that target has been exceeded. John Hopkins Singapore was set up in 1998 and INSEAD opened a US\$60 million (S\$102.8million) campus in 2000 while the University of Chicago Graduate School of Business (GSB) was the first leading US business school to have a permanent campus in Asia offering an executive MBA programme. The National University of Singapore (NUS) has partnered with Georgia Institute of Technology to set up the Logistics Institute Asia Pacific and its NUS Extension, which is geared towards fulfilling the tertiary needs of post-graduates and professionals, has also formed alliances with the Massachusetts Institute of Technology (MIT) and University of California, San Diego in the past year.

There are even more projects in the pipeline. In April this year, the EDB announced that the University of New South Wales is to set up the first foreign private university in Singapore. The campus will open in 2007 and will have a capacity of 15,000 students. At the same time the Singapore Management University is building a new and much larger campus right in the city centre to cater to a boom in both local and overseas student applications. The new campus will have a capacity of about 8,000 students and is geared to open by the middle of next year.

Singapore becoming a powerhouse in education services?

If the continued stream of foreign students flocking in is anything to go by, we can only assume that Singapore must be doing something right. The country has made tremendous progress in attracting some of the region's top talent, with about 51,000 foreign students, and there are plans to double this figure by 2010. In contrast, the vast Australian continent only has about 150,000 overseas students.

Growth year on year is reaching approximately six percent and a recent study completed by Synovate Business Consulting indicates that it will accelerate post 2005 to reach 10 percent. It is clear that Singapore will eventually have the potential to cater to more than 150,000 full fee paying students.

Certainly, demand for quality education in the region abounds. Globally, there are already two million international students pursuing higher education abroad. Close to half of

these students come from Asia; with China, Korea, Malaysia, India and Japan as the top five sources. South East Asia is also seeing a growing number of students from Thailand, Indonesia and Vietnam. Demand for quality higher education is growing together with disposable income and the expanding middle class in Asia. Says Leon Choong, Director of Asia Pacific Management Institute: "As more people become discerning about which MBA programmes they wish to pursue, many foreign universities are coming in to give them an abundant array of choices to fit every need."

At the same time, higher education supply is chronically facing quality, capacity and funding bottlenecks. The UK, Australia and US have already recognised this opportunity, reaping combined annual higher education export revenues close to US\$21 billion. Singapore now wants its share.

Singapore equipped for sustainable development of its education industry?

Singapore has built and inherited strong competitive advantages which represent both "unique competing points" hard to reproduce elsewhere in Asia and fairly high entry barriers for other potential players.

As Ria Sugita, marketing director of the University of Chicago Graduate School of Business puts it: "Singapore was chosen for our Asia Campus among other potential locations such as Sydney, Shanghai, and Tokyo thanks to magnificent infrastructure, central location in Asia, great airport, strong education focus, and safe and welcoming environment."

Matching Singapore's strength with market opportunities:

According to the Ministry of Trade & Industry, four key segments of the education industry have been identified as having higher growth potential:

- Tertiary education
- Private commercial and specialty schools
- Corporate training and executive education
- Preparatory and boarding schools

In addition, e-learning and education support services (such as educational testing and assessment) have also been identified as industries with emerging potential. Universitas 21, a consortium of leading universities providing online education recently chose Singapore for its global headquarters.

With this awareness, follows interest, and then ultimately an increase in demand. As more and more people become discerning about which MBA programmes they wish to pursue, many foreign universities are coming in to give them an abundant array of choices to fit every need.

As the main window to the rest of the world, the tertiary education segment is key to this strategy. Tertiary education will include world-class university campuses like the University of Chicago, Georgia Tech and INSEAD; the local bedrock of universities, as well as private universities. The tertiary segment will naturally conduct most academic research. Without quality academic research there will be no academic excellence and not enough brand leadership. In order to sustain academic research momentum and premiership, overseas students will probably have to outnumber Singapore students within the tertiary education segment.

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Brand name and entity dilution?

While Singapore lures leading institutions with generous incentives and subsidies to set up campuses on its shores, its reputation needs to be built on its local universities and institutions. At the current pace, there is a risk of brand dilution among Singapore's own universities. Unless the international recognition of the three local varsities is boosted, short term incentives will not sustain the import of foreign students and campuses.

A recent short study prepared by Synovate Business Consulting demonstrates that there are some elements of Singapore education industry brand recognition among the middle class in Asia but not enough to stop students from going to Australia, the UK or US.

To support this fact, Associate Professor Annie Koh, Dean, Executive Education and Associate Dean of SMU's Lee Kong Chian School of Business says: "The Singapore education brand is known in Asia but not strongly enough. Singapore is strong in teaching pedagogy but not in our home-grown academic research and development. Content of this nature needs to be strong in order to build our local universities. We need to have our own gurus to develop theories, concepts and models – today we are still lacking in research. More government support to invest in higher education focusing on Academic research is necessary".

Moreover, the Singapore "education brand" has many miles to go on a global scale. It needs to be recognised and appreciated worldwide. This is a long-term branding exercise the government and local institutions need to initiate and invigorate now.

All equal under the sun?

There is a plethora of schools and education services providers in town. A quick tally lists over 2,250 establishments involved directly or indirectly in supplying educational services.

Amongst these providers, a few offer questionable degrees from quasi-unknown institutions so some regulations and standards need to be set to protect both the students as well as the reputation of other credible institutions.

Benefits to Singapore are huge

Developing Singapore as a world-class educational hub has tremendous cultural and economical impact, summarised as follows:

Cultural impact

- More overseas students in Singapore mean more international experience and cultural diversity and understanding for local students
- Singaporeans will be global citizens
- Easier talent hunt and selection for Singapore-based companies
- Early tie-in with Singapore and Asia's future leaders and decision makers
- Academic excellence - Singaporeans are no longer forced to source for courses overseas

Economic impact

- The education industry tends to be non-cyclical
- Has potential to deliver a US\$2 billion to \$4 billion business in the long run and to create an additional 12-15,000 jobs in Singapore
- In the medium term, Singapore aims to have the education sector contributing to about five percent of its GDP
- Boosts retail, accommodation and adjacent services consumption

WHICH COURSE IS RIGHT FOR YOU?

APMI

Partnerships with Australian, European and American universities, including the Bachelor of Business Administration and other MBA courses.

Hartford

Offers Master of Business Administration, Executive MBA, Master of Science (Hotel Management), MSc (International Hotel Management), Doctorate of Business Administration and Professional Doctorate.

Marketing Institute of Singapore

Has conducted Master of Accounting degree programme with Curtin University of Technology, Perth Western Australia since 2001. Open to all degree holders outside accounting field. Available only on a part-time basis.

MDIS

MBA offered by University of Bradford, UK and MBA offered by University of Wales. The Master of Arts in Mass Communications offered by Oklahoma City University, is the first US mass communications programme in Singapore.

NUS Extension

leverages the substantial academic teaching resources at NUS. Recently introduced professional courses delivered in Mandarin to cater to the needs of professionals and executives from China.

NUS

NUS Business School runs Master of Business Administration (MBA), Asia-Pacific Executive Master of Business Administration (APEX-MBA) and two other

courses with Peking University's Guanghua School of Management and UCLA Anderson School of Management

NTU

Nanyang MBA ranked top 10 in Asia. Strengths include finance, marketing, international business, and strategic and technology management.

SMU

Newly introduced MSc in Wealth Management is aimed at the increased focus on Singapore as a wealth management centre. Also offers MSc in Applied Finance and a host of other executive programmes.

Thomson NETg

In partnership with Ngee Ann Polytechnic and NTU. Providing online courseware, Thomson NETg's sophisticated blended learning solution has proved to be highly effective in reinforcing knowledge and creating greater productivity and learning efficiency.

University of Chicago, Graduate School of Business

Delivers the Chicago Executive MBA programme in a series of 16 one-week long modules over a 20 month period. Students learn the same material and earn the same Chicago MBA degree as they would earn if they studied full-time in Chicago.

Universitas Global 21

Online graduate business school, joint venture between international consortium of 16 universities, and Thomson Learning. Partners include University of British Columbia (Canada), National University of Singapore and University of Melbourne (Australia).

HIGHER EDUCATION IN SINGAPORE

STRENGTHS

Central geographic location in the middle of Asia, near largest source of overseas students (China & India)

Top class infrastructure

English speaking population

Strong local academic reputation

Existing hub of top foreign Institutions & MNCs

Safe and economically developed environment

Committed and supportive government

E-learning well-established

"East meets west", cosmopolitan society

WEAKNESSES

Lacks "cultural experience" offered by colleges in the US and Australia

High cost of living

High property prices

Small pool of local teaching talent

Lacks functional student accommodation

Relatively weak "education hub" branding

Expensive to attract foreign talent

Quality of courses offered by various institutions inconsistent

A leader in the knowledge economy

- A boost in Singapore's competitive advantages makes the Lion City even more attractive to MNCs

Is Singapore developing its industry too fast?

Is Singapore ready to welcome 100,000 foreign students? Is Singapore creating unnecessary competition in the tertiary segment? Should the industry be led by the private or public sector? These are some issues that need to be addressed rapidly; otherwise, Singapore could lose foreign talent who may choose to sink their roots elsewhere. Australia and Malaysia remain two serious competitors which are also heavily investing in the education sector.

With a dash of government and private sector support and the right market intelligence, the goals Singapore set out to achieve can be accomplished. Industry analysts even predict that Singapore could exceed its regional competitors in both education excellence and student numbers. A few emerging countries have even recently approached Singapore to help them develop their own education infrastructure. No dream seems to be big enough for the small and young nation!

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