Can Singapore become the Boston of Asia?

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In less than 10 years, Singapore has made very significant strides 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 $85.77 billion.

Like the city of Boston in the US state of Massachusetts, Singapore is fast becoming a mecca for diploma, degree and higher education. In 1996, 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$220 million) 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 talents, with about 31,000 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 conducted by Singapore 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 time paying students.

Certainly, demand for quality education in the region abounds. Globally there are already over 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 countries. Southeast Asia is also seeing a growing number of students from Thailand, Indonesia and Vietnam. Demand for quality higher education services is rising together with disposable income and the expanding middle class in Asia. Says Leon Chong, Director of Asia Pacific Management Institute: "As more people become discerning about what 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 US, Australia and US have already recognised this opportunity, reaping combined annual higher education export revenues close to US$21 billion. Singapore now sees its share.

Singapore equipped for sustainable development of its education industry?

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. 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. Universities 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 what 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 IIMs and 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 enough broad leadership. In order to sustain academic research momentum and premiership, overseas universities will probably have to outnumber Singaporean students within the tertiary education segment.