

# GLOBALISATION, WTO AND MONGOLIAN HIGHER EDUCATION

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## I. Understanding Globalisation

Internationalisation and globalisation became key themes in the 1990s, both in higher education policy debates and in research on higher education. Globalisation refers to the processes of increasing interdependence, and ultimately convergence, of economies and to the liberalisation of trade and markets (Juergen Enders, 2002). Knight and De Wit (1997) defined the "Globalisation as the flow of technology, economy, knowledge, people, values, ideas etc across borders". Some authors regard globalisation as the external macro-socio economic process, which can not be influenced at institutional level, and internationalisation as the policy based internal response and can be shaped and influenced at institutional level (van der Wende, 1999).

Three dominant impacts of globalisation are identified:

- Knowledge as a driver of national economic growth and a nation's competitive advantage. Robert B Reich points out that physical work is being replaced by intellectual work. He says that the American standard of living in the future will not depend on well-known key industries such as automobile. The standard of living will increasingly depend on the global demand for American skills and know-how. What it means for developing nations is that without knowledge, skills and experiences i.e without well-educated and competent people who are highly motivated and could orient adequately in the society, the process of democratisation of the society and the transition to a market economy is not possible. In this sense, higher education, which generates much of this knowledge, is highly valued by governments and the private sector.
- Information and communication revolution. On one side, ICT diversifies and eases knowledge acquisition, use and application and becomes a mode of delivering education. On the other side, technological transformation increases gap between nations. Today developed countries with its 15% of the world's population are 88% of all Internet users. South Asia with 23% of world's population presents less than 1% of the world's Internet users. As Altbach said rise of the Internet and globalisation of knowledge has the potential for creating severe problems for academic institutions and systems in smaller or poorer nations.
- Global market for advanced human capital. Global qualifications are highly demanded by both transnational corporations and the business community at large. While the richer countries manage to attract and retain the world's best-trained professionals, offer attractive postgraduate training and permit to recruit younger graduates and professionals, developing countries are losing their best and brightest professionals.

## II. General Agreement on Trade in Services

Another challenge of globalisation is trade liberalisation. Trade liberalisation is opening up of borders so that goods and services can move freely across borders without any restrictions from tariffs and non-tariffs barriers. The growth of international trade is the result of liberalisation of markets worldwide, the achievement of Uruguay Round, and other multilateral agreements.

*“The agreement of trade in services reached in Uruguay Round is perhaps the most important single development in the multilateral trading system since the GATT itself came into effect in 1948” (WTO Secretariat, Trade in Services Division, October 1999: An introduction to the GATS)”*

The General Agreement on Trade in Services (GATS) is the first set of multilateral rules covering international trade in services. It came into effect in 1995 and is being negotiated under the auspices of WTO. GATS has three main parts: the main text with general principles and obligations; annexes with rules for specific sectors; and Member countries; specific commitments to provide access to their markets.

The General Agreement of Trade in Services’ (GATS) negotiations had three main objectives:

- To create a multilateral framework of principles and rules for trade in services, including the elaboration of possible disciplines for individual sectors;
- To expand trade in services under conditions of transparency and progressive liberalisation; and
- To promote, through trade liberalisation, the economic growth of all trading partners and the development of developing countries.

GATS applied to all measures affecting trade in services. GATS defines measures as all laws, regulations and practices from national, regional or local government or non-governmental bodies exercising powers delegated to them by government that may affect trade.

The most explicit and important references to the specific interests of developing countries appear in Articles IV and XIX. Article IV is intended to facilitate increasing participation of developing countries in world trade by providing for negotiation of specific commitments on:

- Access to technology on a commercial basis
- Improved access to distribution channels and information networks; and
- Liberalisation of market access in service sectors and modes of supply.

Article XIX provides flexibility for developing countries to pursue their own development priorities and to open fewer sectors or to liberalise fewer types of transactions in further negotiations.

Education services are covered under Chapter 5 of the GATS classification. Its sub-division into five sub sectors primary, secondary, higher, adult and other education reflects the traditional education structures.

The Basic Agreement of GATS sets out trade in services in terms of four modes of supply: cross-border supply, consumption abroad, commercial presence in the consuming country, and presence of natural persons (WTO, 1998, EI and PSI, 2002). It should be noted that today very few countries qualify for full and indefinite exemptions regarding trade in education services.

**Chart 2.1. Mode of Supply**

<b>Mode of supply according to GATS</b>	<b>Explanation</b>	<b>Examples in Higher Education</b>	<b>Size/Potential of Market</b>
<b>Cross border supply</b>	-the provision of a service where the service crosses the border (does not require the physical movement of the consumer)	-distance education -e-learning -virtual universities	-currently a relatively small market -seen to have great potential through the use of new ICTs and especially Internet
<b>Consumption abroad</b>	-provision of the service involving the movement of the consumer to the country of the supplier	Student who go to another country to study	-currently represents the largest share of the global market for education services
<b>Commercial presence</b>	-the service provider establishes or has presence of commercial facilities in another country in order to render service	-local branch or satellite campuses -twinning partnerships -franchising arrangements with local institutions	-growing interest and strong potential for future growth -most controversial as it appears to set international rules on foreign investment
<b>Presence of natural persons</b>	-persons traveling to another country on a temporary basis to provide service	-professors, teachers, researchers working abroad	-potentially a strong market given the emphasis on mobility of professionals

Source: Jane Knight 2002, *Trade in Higher Education Services The Implications of GATS*, p. 5., The Observatory of Borderless Higher Education, London, UK

**Chart 2.2. Classification System for Education Services**

<b>Category of education service</b>	<b>Education activities included in each category</b>	<b>Notes</b>
<b>Primary education</b>	-pre-school and other primary education services -does not cover child-care services	
<b>Secondary education</b>	-general higher secondary -technical and vocational secondary -also covers technical and vocational services for the disabled	
<b>Higher education</b>	-post secondary technical and vocational education services -other higher education services leading to university degree or equivalent	-types of education (business, liberal arts, sciences) are not specified -assumes that all post secondary training and education programmes are covered
<b>Adult education</b>	-covers education for adults outside the regular education system	-further delineation is needed
<b>Other education</b>	-covers all other education services not elsewhere classified -excludes education services related to recreation matters	-needs clarification recoverage and differentiation from other categories -ex. Education and language testing services, student recruitment services and quality assessment covered

Source: Jane Knight 2002, *Trade in Higher Education Services The Implications of GATS*, p.6, The Observatory of Borderless Higher Education, London, UK.

Critics of WTO/GATS note at least three impacts of trade in higher education:

- Marketisation of higher education. According to Jane Knight (2002) UNESCO Conventions are for the purpose of “non profit internationalization”, the GATS promotes trade in higher education for the purpose of market liberalization.
- Access to higher education. As public services are privatized and exposed to foreign competition, governments lose the capacity to protect the domestic providers of such services and they will not be able to guarantee universal access to such services. (Hartridge, 2000).
- Quality of service. Philip Altbach argues that the greatest negative impact of WTO control over higher education would be experienced by developing countries. He says

*“Once universities in developing countries are subject to an international academic marketplace regulated by the WTO, they would be swamped by*

*overseas institutions and programs intended on earning profit but not in contributing to national development. It is not clear that the accrediting and quality control mechanism that now exists in many countries will be permitted” (Altbach, Ibid p.4)*

### **III. Mongolian Higher Education Reform since 1990**

Higher education in Mongolia was founded during the communist period. The first state higher education institution the National University of Mongolia was established in 1942 with three faculties: medical, pedagogical and veterinary faculties in Ulaanbaatar. Under the communist system, all costs of higher education were fully subsidized by the Government. The Government was involved in the policy-making, planning and development of the entire higher education from the first date of its foundation. A number of ministries shared responsibilities for education and all educational institutions were subject to applicable laws, regulations, policies and plans. University graduates were fully employed in accordance to the plan.

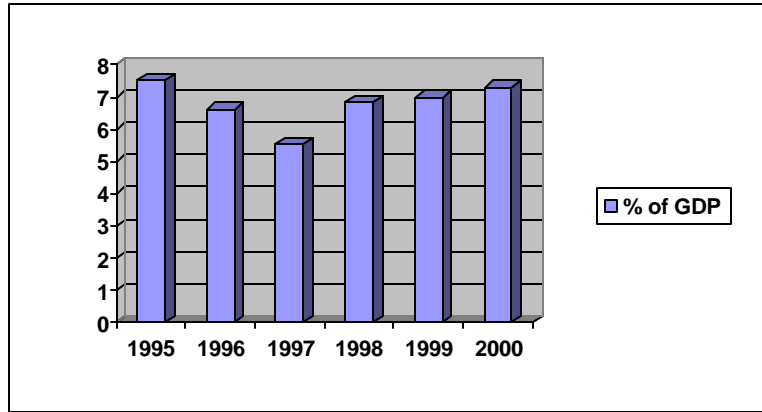
Higher education reform was implemented at the time of the country’s transition to market economy and building of democratic society. Early 1990s’ economic crisis in Mongolia has long left many social issues unsolved. Insufficient taxable income, difficulties with tax collection added by the reluctance of people for tax deduction and abuse of tax regulations by business, individuals as well as by tax collectors, fiscal deficit, debt and compelling public needs have made under funding for public higher education institutions constant. To implement structural adjustment policies Mongolia borrowed US\$ 900 mln from international banks between 1991-2000.

Ten years of reform in higher education system have brought substantial changes in financing, structure and governance and academic curriculum.

#### ***3.1. Financing of Higher Education***

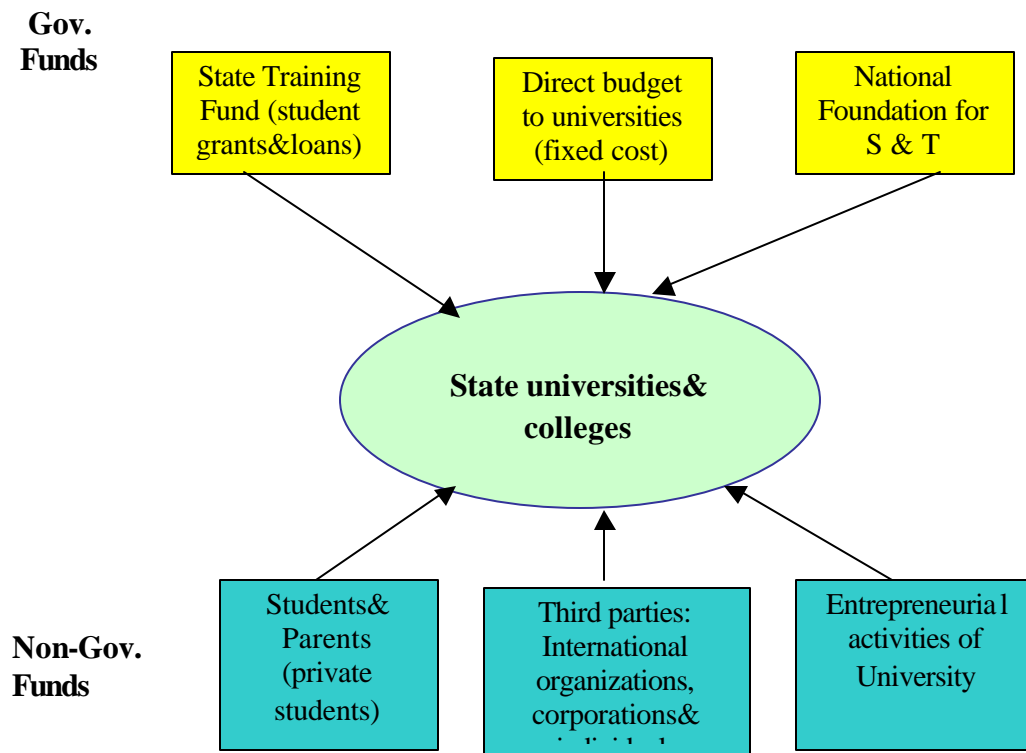
At the situation of fiscal deficit, the Government tried to identify those sectors of its economies in which there are possibilities for "cost sharing," namely, shifting greater portions of the burden of payment to the individuals who are the recipients or users of the services provided. Hence, it is understandable that a frequent target for cost sharing is higher education, a service that is both very expensive to provide and from which recipients can expect to receive significant financial benefits. Though public expenditure on education as a percentage of GDP remained constant funding of higher education shifted to student loan.

**Figure 3.1. Public Expenditure on Education as Percentage of GDP**



Source: MOSEC 2001, *Foundation of Education Sector in Mongolia and Its Development in 80 Years*, Ulaanbaatar

**Figure 3.2. Funding Flows in State Higher Education Institutions**



Source: Author

As seen in the Figure 3.1, state universities and colleges sourced funding from the government in a form of student loan, budget for fixed costs (heating, electricity, and water supply) and research projects. Non-governmental funding include tuition payments of students/parents, donations from third parties, leasing of university facilities and entrepreneurial activities. Direct fund allocated by the Government almost ceased in 2003 and now the Government does not provide any budget for higher education except students' loan and research project funds. According to 2002-2003 annual reports of state universities, state fund was 3-5% of annual university expenditure.

Nowadays, tuition fee of students makes up to 90% of total university expenditure. The current tuition at state universities and colleges varies due to cost and programme variety. Programmes in high demand are more expensive than the programmes with lower demand. The tuition for medicine and pharmacy is the highest because of length of study (5-6 years) and associated costs. The average annual tuition is \$300 at Mongolian state universities and colleges. Around 25% of students obtain "tuition fee" loans or grants from the Government. Annual non-tuition costs (food, accommodation and other personal expenses) are \$532 for students living with parents, \$892 for students living in dormitories and \$1972 for students renting a private apartment (table 3.2).

**Chart 3.1. Higher Education Expenses Borne by Parents/Students Mongolia (US\$)**

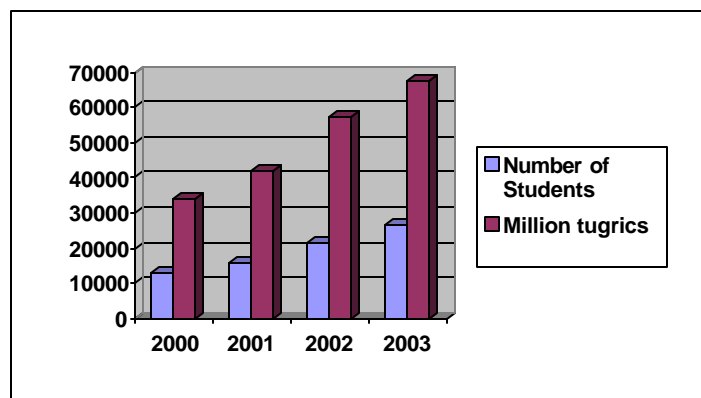
		University degree programmes		
		<i>Bachelor</i>	<i>Master</i>	<i>PhD</i>
<i>Instructional</i>	Tuition per annum	300,0	300,0	\$ 330,0
	Books & Other Expenses	70,0	100,0	\$ 100,0
	Subtotal Expenses of Instruction	370,0	400,0	430,0
<i>Student Living Expenses</i>	<b>Accommodation</b>			
	-Living with parents	0	0	0
	-Living in dormitory	120,0	120,0	120,0
	-Private one room apartment	1200,0	1200,0	1200,0
	<b>Food</b>			
	-Living with parents	240,0	240,0	240,0
	-Living independent	600,0	600,0	600,0
	Transportation	72,0	144,0	144,0
	Other Personal Expenses	100,0	100,0	100,0
	Subtotal Expenses of			
-Living with parents	532,0	604,0	604,0	
-Private housing	1972	2044	2044	
-In dormitories	892,0	964	964,0	
<b>One year cost to students or parents</b>				
-Living with parents	832	1044	1034	
-Individual students	1262-2342	1364-2444	1394-2474	
<b>Total Cost to Parents or Students</b>				
-Living with parents	<b>4 years</b> <b>3328</b>	<b>1,5 years</b> <b>1566</b>	<b>3 years</b> <b>3102</b>	
-Individual students	<b>5048-9368</b>	<b>2046-3066</b>	<b>4182-7422</b>	

Source: Information gathered by Author

**Table 3.1. State loan 1994-2003**

Years	Number of Students	Million tugrics
1994	8035	290.1
1995	8115	395.9
1996	6064	400.6
1997	6872	478.2
1998	6128	735.3
1999	8050	1538.8
2000	9441	2258.1
2001	9908	2478.3
2002	9236	1741.5
2003	8409	1948.6

**Figure 3.3. Student Grants 2000-2003**



Source: MOSEC 2003, State Training Foundation, "10<sup>th</sup> Anniversary of Foundation", pp. 8-9

### 3.2. Privatisation of Higher Education

Public higher education institutions in Mongolia are forced to operate in a highly competitive environment. Privatisation in higher education was introduced through 2 ways:

- a) Establishment of private institutions; and
- b) Introduction of management contract (contracting out of the whole university/college or contracting out of secondary service to external institutions/individuals).

Over the last decade, there has been an expansion of private higher education provision. Rapid growth has occurred in the number of non-traditional providers of education offering dominantly foreign languages, business courses and non-degree programmes. By 2003, there were 178 public and private higher education institutions of which 58 were accredited. In private higher education institutions more than 30% of students are enrolled. (MOSEC, 2002).

**Table 3.2. Growth of Higher Education Institutions, 1995-2001**

Indicator	1997/98	1998/99	1999/00	2000/01
<b>Public higher educational institutions:</b>				
- Number of universities and colleges	29	33	36	38
- Number of students	35,229	46,185	44,884	56,906
- Percentage of students	72.0 %	70.8 %	66.4 %	67.0 %
- Number of faculty members	2,799	3,261	3,356	3,455
<b>Private higher educational institutions:</b>				
- Number of colleges	57	71	82	134
- Number of students	14,405	19,087	22,670	28,064
- Percentage of students	28.0 %	29.2 %	33.6 %	33.0 %
- Number of faculty members	617	925	1,065	1,465

Source: MOSEC



The other form of privatization is management contract as a part of the Government policy to privatize social sector services i.e., education and health. The College of Finance and Economics was the first state college contracted out to a management group. In 2003 the tendering was announced to privatize the College of Commerce and Industry, the University of Humanities, Hovd campus of the NUM. Contracting out of secondary non academic activities such as repair and maintenance, canteen service and office cleaning are being introduced.

### ***3.3. Deregulation and the Increase of Institutional Autonomy.***

Until 1991 higher education in Mongolia was totally controlled by the state. Now the government's power is limited to nation-wide general policy formulation and strategic planning, licensing of the establishment of new institutions, and setting general typical provisions for teaching and research. However, the Ministry maintains holding authority to appoint its representatives to the governing boards of the institutions and implement its policy through board decisions. In accordance with the legislation, the founder of the institution should compose 51 to 60 percent of the board members. The Ministry is authorized as a founder of public institutions.

The Governing board is represented by broad stakeholders such as Government and Parliament members, business people, civil society, faculty members, students and parents. The University has the authority to define policies and strategies, approve budget, employ teaching and support staff, disburse physical assets (except buildings) and run commercial activities (but not the company) that are relevant to academic and research functions.

### ***3.4. Reform of Academic Studies***

Mongolian higher education now has three levels: Bachelor, Master and PhD. Teaching at higher education institutions is organized on the basis of credit hours. The Education Law states that the programme leading to Bachelor degrees (B.A or B.Sc) must be no less than 120 credits; Master's degrees-30 credits; and doctoral programmes require earning of 60 credits. All graduate programmes are supplemented by research and require successful defense of dissertation/thesis.

### ***3.5. Assessment and Accreditation of Higher Education***

In accordance with provisions in the Education Law of 1995, a national body for higher education accreditation was subsequently established in 1998. The National Accreditation Council for Higher Education (NACHE) was established by the government in 1998 with the intention of transforming the Council in near future into an independent external agency. The government made a decision to change the statute of NACHE as non-government autonomous body in August 2000.

While all higher education institutions were required to undergo institutional accreditation, there was a phase-in period with most of the public and only a few of the

leading private institutions participating in the first year. Only those institutions, which have passed the accreditation process, are eligible to receive government financial support and likewise students enrolled in these institutions are eligible for government grants and loans. Accreditation of academic programs (as distinct from accrediting institutions) has started in some state universities.

### **3.6. *Internationalisation***

Since the collapse of the Soviet Union the international cooperation of Mongolian universities has taken a new shape. Before 1990s the international relations were mainly dominated with universities and scientific institutions of former SU and former socialist countries. The forms of collaboration were training and retraining of Mongolian specialists, scientific research projects, supply and maintenance of laboratory equipment, scholar exchange, joint publications and textbook development and exchange of scholarly information.

The policies of privatisation and institutional autonomy and devolution of authority from the Government to institutional level have boosted initiatives of domestic institutions for international cooperation. A number of changes have occurred in the international cooperation of higher education institutions in Mongolia:

1. Types of institutions. Universities cooperate with a broad range of institutions such as:
  - International and regional financial and non-financial institutions (World Bank, Asian Development Bank, E.U);
  - Overseas development agencies (DAAD, JAICA, KOICA, USAID, AusAID);
  - Foreign universities and research institutions;
  - Private foundations (Soros, KFAS);
  - Foreign companies and joint ventures operating in Mongolia; and
  - Individuals. The typical types of cooperation establishment of inter-university agreement, set up consortia and networking.
2. Purpose of cooperation. Besides scholarly interests funding opportunities have become an attractive reason for international relations. Funding sourced from the above institutions is used for:
  - Research activities of individual faculties/schools/ institutes/ centers/ individuals;
  - Faculty development overseas (short and long-term training, study tour, etc);
  - Student grants and awards;
  - Student training overseas;
  - Infrastructure development and laboratory renovation; and
  - Academic programme development (establishment of foreign university branches, twin programme, programmes in English or for foreign students, curriculum reform).
3. International cooperation has become free of ideology.

Since 1990 Mongolian education system reform has been supported by international organisations. The donor assistance in education sector focused on developing strategic directions of education sector, privatization, management information system, curriculum and teaching methodology and human resource development. Between 1990-2000, 49 projects were implemented by international organizations and foreign government international agencies for development. In the next chapter study abroad/exchange, twinning programmes, special programmes for foreign students will be discussed.

**Table 3.3. International Activities of the NUM**

No	International activities	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
1	Universities/Institutions with Agreements	47	55	64	69	82	89	102
2	Joint research projects	No data	No data	12	18	31	74	76
5	Donations and aid (US\$)	148,595	70,000	159,000	200,000	4,979,000	493,300	260,000
7	Scholarships by foreign organisations	-	112	147	163	169	173	192

Source: *Internal report*. (2003) Office for International Affairs, National University of Mongolia.

#### **IV. Four Modes of Supply**

##### **4.1. Consumption Abroad**

###### ***A) Foreign students coming to study in Mongolia***

Foreign students study in public and private higher education institutions through bilateral government agreements, inter-university exchange programme or by paying tuition fees. The tuition fee varies from \$1800 to \$2500 per one academic year depending on the type and level of the course to be undertaken.

Though the number of institutions offering special programmes for foreign students has increased from one (the NUM was the only university accepting foreign students since 1957) to ten (NUM, University of Humanities, Pedagogic University, private institutions such as International School of Mongolian Studies, Bridge etc), only a small number of foreign students come to study to Mongolia. The NUM, a main recipient of foreign students, enrolls around 200 students from more than 10 countries. On country bases, 40% of total students are from China, 30% are from Russia, 10% are from Korea, and 6% are from Japan. One third of foreign students are studying in the School of Mongolian Studies, and other 27% are studying in the School of Foreign Languages and Cultures.

It should be noted that foreign students do not come to Mongolia to obtain degrees. They are mainly young people who seek adventure, explore Mongolia or the people who need to learn Mongolian language for business and social communication. While Asian students (Korean and Japanese) are interested in a summer language and cultural

programmes with visits to museums, excursions, theatre, cinema and meetings with local students or authorities, European and American students come for research purposes: nomadic life, archaeology field work, ethnography, anthropology, biodiversity studies etc.

It is noteworthy to say that Mongolia has a potential to attract more students from China. China is still facing shortage of education supply and many school leavers are denied access to higher education. Relatively approximate destination of Mongolia to China, low cost of education and reasonable living costs may attract Chinese students if Mongolian universities offer appropriate programmes. Taken this advantage, the NUM set up a joint Bachelor programme in International Commerce with the Agricultural University of Hebei. The programme combines 3-year study in China and one year study at the NUM. All subjects are offered in English. Upon successful completion of studies, the Bachelor degree of the NUM is awarded to students.

**Table 4.1. NUM foreign students 1996-2003**

		<b>1996- 1997</b>	<b>1997- 1998</b>	<b>1998- 1999</b>	<b>1999- 2000</b>	<b>2000- 2001</b>	<b>2001- 2002</b>	<b>2002- 2003</b>
	Foreign students	154	178	167	157	166	149	198
	-Fee paying students	50	36	38	45	58	48	111
	China	16	18	27	26	31	23	73
	Russia	76	78	56	57	49	54	55
	Korea	14	12	11	18	26	23	18
	Japan	19	19	17	15	21	12	10
	Turkey	16	26	28	11	8	7	4

Source: Internal Report. 2003, Office for International Affairs, National University of Mongolia

*B) Mongolian students studying overseas*

Student options for higher education are no longer constrained by national boundaries. Innovative forms of education such as branch campuses and educational "franchising" have greatly expanded opportunities for students to study and learn outside their country of origin. Several factors influence this growth:

- The limited capacity of Mongolian institutions to meet the demand for post-graduate education is one of reasons for choosing overseas education;
- There is a growing competition for the best Mongolian students among foreign universities;
- Aggressive recruitment and marketing policy of foreign institutions; and
- Increasing awareness of quality education and opportunity for better employment after graduation.

While Germany and Russia are well-established destinations for Mongolian students, USA, UK, Japan, Korea and China are rapidly gaining market shares. While management economics, law, international relations, language and information technology are still on high demand by Mongolian students, engineering and technology are becoming attractive due to more scholarship opportunities and less competition.

There is no comprehensive data on the student number studying overseas, especially on private fee paying students.

A great deal of student abroad programmes is supported and stimulated by various kinds of programmes and schemes:

- Mongolian Government Loan programme (Master and PhD);
- Foreign Government Scholarships (Monbusho, KOICA, Korea Foundation, USAID, AusAID etc);
- Bilateral Government Programmes;
- Regional networks such as University Mobility in Asia and Pacific, Euro-Asia University Network etc; and
- Inter-university agreements.

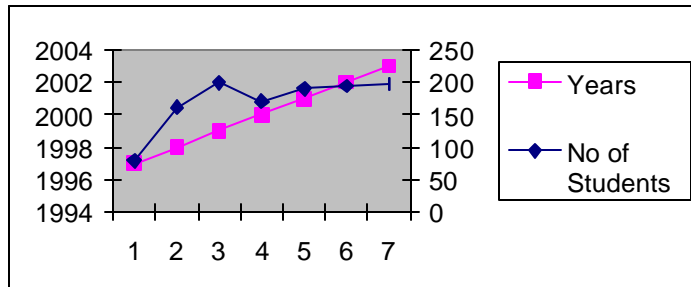
**Chart 4.1 Foreign Government Scholarships**

No	Programmes/projects	Country	Period	Beneficiary
1	Culture Cooperation Agreement of the Japan-Mongolian Governments	Government of Japan		600 scholars studied in Japan, 150 are continuing (40 students every year)
2	JICA	Japan	Since 1992	70 professionals studied on short term and
3	JICS	Japan		20 students every year
4	DAAD	Germany	Since 1991	550 students
5	Strengthening of training capacity in economics, management and associated disciplines Capacity building programme	AusAID	1995-1999  1999-2003 2003-2006	Every year 12 students
6	Fulbright and Humphrey		Since 1990	2-3 persons from public and private organizations
7	IREX	USA	Since 1990	1-4 month visit , 2 persons each year (stopped temporarily)
8	University affiliation programme	Utah Valley State College, USA	1996-1999	60 administrative staff
9	Soros foundation	USA	Since 1997	Study in Central European Universities Master scholarships to study in the USA Master in Economics in Manchester University, UK

Source: MOSEC

Between 1999-2003, 859 students studies in 14 developed countries through bilateral Government agreements. The State Training Foundation provided financial assistance at the value of \$13 mln to 1190 graduate students between 1997-2003 (State Training Foundation, 2003) to study overseas .

**Figure 4.1 Students Studying through State Loan in Developed Countries**



Source: MOSEC 2003, State Training Foundation, “10<sup>th</sup> Anniversary of Foundation”, p 10

**Table 4.2. Student Studying Through Government Agreements**

Years	Number of Students
2000	185
2001	204
2002	239
2003	231

Mongolian universities’ initiatives for student mobility and regional networking increase opportunities for overseas study. The number of NUM students studying at foreign universities through student exchange agreement has been continuously on the rise. There are several gains we receive from exchange programmes:

- Study abroad opportunities for Mongolian students help produce university graduates with the international knowledge and intercultural skills that they need to live and work in a globalised environment. Exchange students report that living with host families or foreign students has tremendous benefits despite the risks.
- The presence of international students enriches the learning environment for Mongolian students by bringing a diversity of languages, cultures, and perspectives to the classroom, thus providing more international knowledge and intercultural experiences to Mongolian students who do not have opportunity to study abroad. It also bolsters perspectives on foreign countries that are different from newspaper headlines and TV programmes.
- Student activities promote social equity and facilitate better mutual understanding, preservation, protection and development of different cultures and traditions. Through these activities young people become able to express their commitment to peace, friendship, reconciliation and trust among peoples.

Difficulties we face in promoting student mobility are as follows:

- Experience has shown that cultural events among students are welcomed by minority groups at the university but are received with little enthusiasm on part of students who belong to the cultural majority and have a wide range of opportunities to socialize outside the university. Increasing knowledge about different cultures and change in attitudes are not always accompanied by changes in behavior that is very important for interactions among cultural groups.
- Different economic situations of countries involved. Students from Mongolia need financial support to study and live abroad because average income of Mongolian families is very low at around \$80 a month. The financial capability of universities also differ from country to country and the hardest issue in

- implementing exchange programmes for Mongolian universities is providing equal opportunities to students from partner institutions (dormitory, travel grants, living expenses etc).
- Differing quality. The quality of Mongolian education is perceived lower than the quality of higher education in developed countries.
  - Study period and recognition of credits earned abroad. Three issues are considered in this regard:
    - Mongolia has 10 years of primary and secondary school education whereas many countries have 12 years of education. There is no formal agreement of policy to implement credit transfer and it leads to confusion.
    - Mobility programmes are implemented on case-by-case mutual agreements between universities.
    - Matching of course contents in home and host universities. If there is a deviation or no matching subject, the exchange student has to retake the course and earn credits.
  - A language of instruction. Mongolian students should study at languages of the host countries and foreign students should study in Mongolian. In this case, opportunities go to the students who are from departments of area studies or languages.
  - Limited international saleable programmes offered in languages other than Mongolian. There have been some adjustments of curricula to accommodate needs of foreign students. We are trying to develop programmes with international contents, cross-cultural knowledge and skills leading to internationally recognised professions and special tailor made curricula designed for foreign students.
  - Lack of marketing skills to recruit foreign students. Due to limited fund and capacity universities can not participate in international fairs and publish a variety of leaflets, pamphlets, produce and regularly update on line materials and produce CDs.

#### ***4.2. Movement of Natural Persons***

It must be said that movement of natural persons has a long tradition in Mongolia. Before 1990 Mongolia had experts and teaching staff from former SU and former communist countries. There was extensive exchange of faculty members and training and retraining of Mongolian faculty members in those communist countries. Since 1990 the opportunities to travel for teaching, research, professional development and consulting have become even broader. There is no comprehensive national data on movement of people for research and teaching, but the case of the NUM shows the dramatic increase in this mode of trade. On average around 20% of the total NUM faculty members go overseas for short-term visits and almost the same percentage of teaching staff study overseas for longer than one year. The number of foreign faculty members coming to the NUM is in constant increase (table). In addition to that, foreign guests coming for various purposes are becoming more and more.

**Table 4.3. International Travel of NUM Faculty Members**

		1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
4	International travel							
	-Study abroad or research (starting)	30		5	15	23	24	31
	-Study abroad and research (continuing)	-	No data available	52	47	50	56	67
	Short-term visit	40		74	86	97	115	92
	Returned from abroad	No data		12	12	7	18	19

Source: National University of Mongolia

**Table 4.4. Foreign Faculty Members and Guests**

		1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
	Foreign faculty members at NUM (more than 1 academic year)	8	6	7	18	15	17	19
	Short-term visiting professors							16
	Foreign guests (institutions and guests)	3	7	12	23	27	56	30/200 guests

Source: National University of Mongolia

### 4.3. Commercial Presence

Following the privatisation policy of the Government and adoption of the first Education Act of Mongolia (1991) foreign investment by education suppliers has grown in Mongolia. The first foreign branches were branches of Russian universities (Moscow Energy University, Plekhanov Moscow Pedagogic University, Buriad Pedagogic University etc). Beginning in late 1990s Korean universities started setting up their (Huree college, Ulaanbaatar College) branches.

Another type of institutional arrangements through which commercial presence takes place is so-called twinning arrangements. They are domestic universities and colleges offering courses leading to degrees of overseas universities. Institutions with twinning arrangements have adopted the programme design, instructional methods and assessment standards of a partner university. Examples are MBA programmes of La Trobe University (Australia and NUM), Maastricht School of Management (Netherlands with MBDA), Korea and College of Finance and Economics, University of Colorado (USA and Mongolian partner). The typical characteristics of joint programmes are as follows:

- Main fields are business administration and economics;



- Joint programmes involve local educational institutions;
- Home institution has complete control over admissions policy, academic content, teaching and assessment;
- Intellectual property is owned by home institution;
- Host institution provides facilities such as classrooms, administrative staff, computer and library facilities; and
- Host institution is responsible for marketing, selection and enrolment of students, student records and financial administration.

## V. Conclusion: Threat and Opportunities and Suggestions for Future Research

### 5.1. Threats

- International competition. Global spending on education is one trillion dollars business annually and thus, education is a huge market. As Frank Newman said “every student now has multiple and differing choices. Every college and university faces new competitors (Newman, 2001). Countries such as UK, USA, Australia, New Zealand and European countries have strong position in international higher education market. Flexible degree structure, perceived quality, offshore programmes, distance facilities, and international marketing strategies and language of instruction (English) play an important role in competition. Mongolia is far behind these countries as well as behind some initiative Asian countries like Korea, Taiwan, Singapore, Thailand and China.
- Brain drain- Growing need for highly educated labour force in a knowledge society, aging population, falling interest of home students in fields like engineering and sciences in developed countries, recruitment policy of foreign universities and increasing interests of Mongolian students looking to Australia, Britain and the U.S. for both undergraduate and post-graduate studies may add to brain drain. Lacking computer facilities and Internet access, Mongolian top universities find it increasingly difficult to attract and retain highly qualified faculty members in the face of attractive offers from international organisations, foreign universities, research institutes and multinational corporations.
- Internationalisation has not become yet a long-term policy of the Government. It is mainly focused on short-term objectives, based on temporary funding and there are no comprehensive policy and regulations governing international activities. A weak institutional capacity to handle long-term strategies to compete in ever-globalised interdependent world may be a factor.
- Quality assurance mechanisms (evaluation, accreditation, national examinations, rankings). One of the hurdles of in the area of higher education is recognition of degrees and qualifications. Universities in various countries do not recognize each other’s degrees and credits earned abroad and there is not international or regional mechanism.

It is hard for developing countries to judge international curriculum when national accreditation and quality assurance system is about getting established. While there is a need to ensure quality and flexibility of national education in order to

achieve international recognition of Mongolian diplomas and qualifications, safeguarding Mongolian students from poor quality international education is becoming a challenge.

The competition from foreign education providers urge and motivate managers of higher education to improve the quality of teaching and learning in their institutions. It requires the improvement in both physical and academic infrastructure.

- ‘Digital divide’. The information and Communication Technology (ICT) has to be made a part of teaching and learning process, but due to compelling needs within the university, high costs of IT facilities and scarce funding, smaller and poorer countries have little competitive potential and become disadvantageous among world universities.
- Intellectual property rights. There are many problems associated with intellectual property protection in Mongolia. On one side, universities have to ensure effective enforcement of copyrights over curriculum and learning materials. On the other side, they have to purchase widely available pirated products such as videos, CDs, computer software and translated textbooks. While developing countries like Mongolia are trying to protect their learning materials and knowledge through intellectual property rights there are counter examples like Massachusetts Institute of Technology makes available its course materials free on Internet.

## 5.2. *Opportunities*

- **Cooperation:** International cooperation of universities is broadening from student and faculty exchange to establishment of consortia and network and development of joint academic programme at regional level. The collaboration at individual/institutional/regional level and in any area/aspect of higher education such as research, teaching, curriculum development, instructional material development etc will bring tangible benefits for Mongolian higher education. The first and foremost important benefit is strengthened capacity of human resources working and studying at higher education institutions.
- **Mutual understanding.** Under globalisation of higher education there will be mobility of both students and teachers that helps in understanding the customs, traditions, cultural variations and social dynamics of each other society.
- **Support of international organizations:** Considerable promise for university partnerships in areas such as quality assurance, updating equipment, faculty training and student scholarships. World bank has shown interest to deal with challenges encountered by higher education in developing and transition economies: scholarships for returning scholars to buy equipment and materials, creation of favorable local work environment for national researchers and specialists, technical and financial assistance to groups of small countries that wish to set up a regional quality assurance system, support investment in ICT infrastructure for higher education institutions, encouraging sub regional partnerships to establish a networked university, franchising partnerships between

local and foreign providers of higher education and distance education and strengthening science and technology research and development capacity.

### **5.3 *Suggestions for Future Research***

It is clear that higher education is an essential component of economic development and national policy on socio-economic development has tight links with the policy and strategy for higher education. As a result of structural adjustment policy implementation, Mongolian higher education has taken fundamental changes in the forms of governance, financing and curriculum. The Mongolian Government has pursued trade liberalization in higher education services for over 10 years and it is likely that the Government will continue to pursue this policy.

There are increasingly visible institutional initiatives for internationalization in the four forms of trade. However, it seems that the government is not constructing clear strategy and appropriate means to create favourable environment for internationalization and encourage universities to be more innovative and responsive. Institutions too, are not fully aware of new challenges of globalisation and market forces and a greater role of internationalization. Not only small private colleges, but also the biggest national universities of Mongolia are still struggling to develop a comprehensive plan of action for internationalisation and allocate sufficient time and resources. Besides financial resources, universities lack capacities (knowledge, skills and ability) to pursue this policy.

There is a need for a comprehensive study on linkage trade liberalization policy of the Government with country's socio-economic policy and its impacts on future higher education development. The feasibility of achieving international recognition and integration into global scientific and academic community and competitiveness of national higher education institutions must be taken into account. The framework of the study should be set around main state universities and representatives of private institutions.

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