

Expanding the Private School Sector: Government Policy and Private Secondary Schools in Hong Kong, 1988-2001

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Introduction

Private education, either informal or formal, has been a central part of every culture and society. It preceded any form of government or public education. Private education and public education are often juxtaposed to either as opposing concepts and ways of providing education. Levin (2001) proposes three characteristics that distinguish private education from public education: financing, sponsorship, and operations. Financing, sponsorship, and the operation or control of a private school come from non-public or government sources. On the other hand, public schools are financed by government funds, and sponsored and operated or controlled by the state. Aldrich (2004) offers the simple distinction in terms of who provides the education: the state or non-government providers. Even so, care must be given to the fact that the use or definitions of the terms “public” and “private” have changed over the years and are often used

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differently depending on the country. For example, prior to the middle of the 19th century in the United States, the term “public” referred to anything that contributed to the general welfare of society (Randall, 1994). In Britain for example, the “nine great public schools of England” in the 19th century were really schools financed by charitable organizations rather than schools operated for profit or “private schools” (Aldrich, 2004, p. 5). In addition, public schools often contract with the private sources to provide certain goods and services. Private schools often receive some form of government funding. The development and growth of charter schools in the United States, a form of schooling that has characteristics of both public and private schools, and the almost bewildering array of public and private school configurations in places like Hong Kong work against any hard and fast definition of private education that has universal application. For the purposes of this article, private education is education provided, controlled and operated by a non-government source with much of the funding coming primarily from non-government sources or from contractual arrangements with the state to provide educational services.

The emergence of government or public education is motivated by any number of factors. These include nation building, creating a common culture, reducing social conflict, and building human capital. In most instances, government education is begun as an effort to use education a policy tool to achieve political and social objectives, to be a major source of social reform. The rise of the common school movement in the United States in the 19th century, was a political solution to a myriad of social problems (Randall, 1994).

Generally speaking, the role of private education in developed countries is different from the role it serves in developing countries. In developed countries, private education serves as a social and academic safety valve for those seeking such things as a religious perspective, innovative or specialized pedagogy, safe environment or a more rigorous academic approach. In developing countries, private education often provides greater access to basic education because governments are unable to provide universal education to all. Private education fills in the educational gap, often a large one, that the state does not have the capacity to fill (Tooley, 1999).

The Rise of Private Education: A Global Overview

Private education has been gaining favorable support and growth throughout the world in the past few decades (Bray, 1996; Chediak, Sekwao, & Kirumba, 2000; Djame, Esquieu, Onana, & Mvogo, 2000; Glenn, 1995; Kitaev, 1999; Lin, 1999; Tooley, 1999). For instance, private

school sectors are burgeoning in Latin America countries, such as Columbia, Argentina, Brazil, and Chile. In Columbia, the percentages of students enrolled in private primary schools and secondary schools were 28% and 40% respectively in the late 90s. Argentina is no less, with a total of 30% of students attending in secondary levels and 17% in higher education. The number of private schools in Brazil is also climbing. As of 1999, 30% of total student population enrolled in private sector schools (Tooley, 1999). Chile offers another excellent example. Since the government decentralized school systems in the late 1980s by providing equal funding to private schools at the same level as other public schools, the number of private schools has increased by one thousand in ten years. In 1996, private schools enrolled about 35% of the total student population. The percentage was much higher in the capital city of Santiago. Private schools in Santiago took in 55% of all students (Gauri, 1998).

Private schools in the Eastern bloc countries such as Russia, Poland, and Czech Republics are also expanding rapidly. Before the late 1980s, private schools were virtually nonexistent in these countries because of the totalitarian principles of socialistic ideology. However, with the collapse of the Soviet Unions, private schools have reappeared again in these post-communist countries. For instance, the Russian government which until recently had banned private education, passed the *Law of the Russia Federation on Education* in 1991 to give private education legal status in the country. Since then, the number of private schools has been increasing. In St. Petersburg, the second largest city of Russia, over 10% of all primary and secondary institutions are privately run (Lisovskaya, 1999). Like Russia, the post-communist Poland also actively promotes private education in their country. The number of private independent schools has been climbing. For example, in 1990 there were only about 20 independent schools in Poland but it increased to approximately 200 in 1991 and to about 430 in 1992 (Glenn, 1995). The growth of private schools in Czech Republics is also astonishing. The number of private schools has grown from zero before 1989 to approximately 900 in 1996, enrolling close to 100,000 students in the country (Svecova, 2000).

Private schools are also flourishing in Asia. Japan, Korea, and Taiwan are in the leads in the regions. All these countries have a high percentage of students in private post-secondary schools. For example, in Japan, the percentages of students attending private schools in post secondary level were 14% and 80% respectively. The percentages were even higher in Korea, 41% and 79% (Cummings, 1997). The number of private school students in Taiwan is also impressive. For instance, in 1998-1999, private senior schools, private vocational schools, private colleges enrolled 47%, 51% and 64% of the total student population in

Taiwan respectively (Bureau of Statistics, 1999). The rapid growth of private schooling in these various regions in recent decades contributed an even greater interest in research of private education.

Private schools in China are gaining ground both in size and acceptability. According to the latest government statistics, China has a total of 308,242 private kindergartens, 504 private elementary schools, 2,146 private secondary schools, and 900 vocational schools (Department of Development and Planning, 1999). The number of private universities has reached 1,200 by the end of 1995 (cited in Lin, 1999, p. 8). Although the number of private schools only constitutes a small portion (4%) of all schools in China, the growth of private education has been impressive considering the fact that private schools were banned until two decades ago (Kwong, 1996).

Private schools vary greatly in China. For instance, in Shengyang, the number of students that attended private schools in 1995 constituted less than 2% of all elementary and secondary education. However, the growth in some regions is quite stirring. Take Wenzhou city of Anhui province, for example. 51% of all secondary school students attended private schools in 1996, surpassing the enrollment in public schools (Zhang, 1995). In terms of ownership, there is also a considerable diversity. Founders of private schools include "private citizens, business entrepreneurs, democratic parties, retired teachers, retired government officials, foreign citizens and corporations, Hong Kong and Taiwan business people, and public institutions of all kinds" (Lin, 1999, p. 11). Unlike many other countries, the Chinese government has not given the green light to religious groups to operate private schools in China.

Private Schooling in Hong Kong

Like many other countries, the development of private schooling in Hong Kong has been linked to shifts in the social, economic, and political climate. When the British first took over Hong Kong, the colonial government did not show great interest in promoting education, and thus early education in Hong Kong was provided mainly by foreign religious organizations and local Chinese. Though the colonial government had gradually increased its participation in education by opening up government schools and granting subsidies to local private schools, the role of government in education was still very limited before the 1970s. Indeed, without much government policy intervention, private schools had dominated the education scene and were the major supplier of secondary education in colonial Hong Kong well through the late 1970s.

The economic prosperity since the 1960s allowed the Hong Kong

government to introduce 9-year universal education to the general public in 1978. Private schools at the time were still playing a major role in supplying secondary school places. The government policy was to use the private sector to make up for the shortfall of school places in the public sector. In general, those students assigned to these private secondary schools were low academic achievers. In addition, these private schools received much less subsidies per student than aided and government schools. As a result, many of these private schools were of poor quality in terms of physical facilities and teacher qualifications. Also throughout the late 1970s and 1980s, to accommodate the need in secondary education, the Hong Kong government started to expand the public school sectors by building more public schools and inviting up-to-standard private schools to become aided schools. As the number of public schools increased, the number of private schools started to decline since the early 1980. The political climate also has an impact on the government policy on private schools. One of the good examples was the introduction of the Direct Subsidy Scheme in 1988 to allow all Pro-China¹ or patriotic schools to receive government subsidies. With the impending return to China in 1997, the Hong Kong government could no longer exclude these patriotic schools from the mainstream subsidy scheme.

In addition to the impending political change, the Hong Kong government also realized the importance of a strong private school sector alongside with public sector. In 1998 the new Hong Kong Special Administrative Region (hereafter HKSAR) government led by Chief Executive Mr. Tung Chee-Hwa has introduced several measures to strengthen and to revitalize the private school sector in his Policy Address. As Tung (cited in Hong Kong Government 1998) stated:

For many years, public sector schools have provided most of our primary and secondary school places. They have contributed considerably to educating our children. Nonetheless, we [recognize] that at this stage of Hong Kong's development there are good arguments for injecting more variety into our education system, for giving schools greater scope for innovation and for allowing parents a wider choice by fostering growth in the number of quality private schools. To facilitate the expansion in the private school sector, we will

- ◆ increase the level of assistance to direct subsidy schools in 1999;
- ◆ allocate, on a pilot basis, Government-built premises to interested bodies to operate direct subsidy schools; and
- ◆ introduce a pilot scheme whereby non-profit making private schools may apply for a land grant at nominal premium and for a capital assistance loan. (paragraph 97)

Some Major Issues about Private Education

The recent rapid development of private education around the globe has raised many interesting issues and attracted a plethora of scholarly studies over the past few decades. These issues can be grouped into four major categories: (1) Funding, efficiency, and cost effectiveness, (2) accountability; (3) parental choice and diversity; and (4) equity (for similar framework see Levin 2001). Some of the above categories do overlap.

Government funding to private education has been one of the hot issues in many countries. Funding to private education varies greatly among nations, ranging from textbooks and services for children from disadvantaged backgrounds in the United States to almost 100% in Holland. Economic models illustrate that large government subsidies would have a positive effect on the provision of private schools; however large public expenditure on public education would deter the growth of private education (James, 1986 & 1993). Two related issues to government funding are efficiency and cost effectiveness. A good number of studies have concluded that private schools perform better than public schools when it comes to academic achievement and organizational management in both developing and developed countries. Studies by Coleman (1982) and Chubb and Moe (1990) in developed countries and Jimenez and Cox (Cox & Jimenez, 1991; Jimenez & Lockheed, 1995; Jimenez, Lockheed, Luna, & Paqueo, 1991; Jimenez, Lockheed, & Wattanawaha, 1988) in developing countries have made significant contributions in the area. However, some researchers are highly critical of these findings in terms of their methodology and their interpretations and argued that their findings are biased and inconclusive (Alexander & Pallas, 1983; Goldberger & Cain, 1982; Smith & Meier, 1995).

Like efficiency and cost effectiveness, accountability has also become a buzzword in education. To make local schools more accountable to government officials, different countries have adopted various measures to improve overall education quality. For example, in the United States, some states have the legal authority to close down or to take over public schools that they deem as failing (Bowman, 2000; Chubb and Moe, 1990). Britain followed a similar strategy by allowing private companies to run failing state schools (Tooley, 2000). Although private schools are less accountable to governmental authorities than public schools in many countries, they are accountable for parents and sponsors to whom they are dependent for financial support. It is a common perception that private schools are more responsive to the needs of their students. For example, in her study, James (1989) found that many people believed that compared to public schools, private schools in the Netherlands are more

personal and responsive to parents' and students' wishes. In addition, private schools are more careful when it comes to spending their funds. On the other hand, not all private schools are responsive to the needs of students and parents. Parents and communities in many societies, especially in developing countries, have little say or control over schools their children attending (Bray, 1996).

The choice movement has been gaining more popular supports in recent decades in a number of countries such as the United States and Chile. The basic assumption of school choice is that parents are entitled to have a right to choose a school that is suitable for their children with their tax dollars. Pro-choice studies argued that school choice would make schools more accountable and thus would improve the overall educational system (Chubb & Moe, 1990; Coons & Sugarman 1978; Friedman, 1980). On the other hand, opponents of choice disputed that school choice would further exacerbate social and racial segregation (Carnegie Foundation for the Advancement of Teaching, 1992; Henig, 1994; OCED, 1994; Smith & Meier, 1995).

Studies in the category of diversity examine private schools' potentially positive role regarding the diversity of the overall education system. Private schools could provide more diversity to the monolithic state system and introduce a source of competition for public schools. Glenn (1995) found that after the democratization movement in the Eastern Europe in the late 1980s, there was a reemergence of private schooling. In addition, in some cultural and religious heterogeneous countries, private schools are set up to serve the cultural and religious minorities (Bray, 1996; James, 1993).

Equity has always been an issue surrounding private education. Studies by Griggs (1985), Tooley (1999), Lin (1999), and Coleman (1975) are classic examples of research addressing equity and equality in both developing and developed countries. There is still mixed evidence on whether private education promotes greater equity. Some researchers argued that private education in the United States and the United Kingdom promotes social and racial segregation (Coleman, 1975; Griggs, 1985). Others asserted that, private education has a positive effect on promoting greater equity in developing countries (Lin, 1999; Tooley, 1999).

Clearly, the aforementioned issues are at the heart of current private education debates. Hong Kong is no exception. The recent private education development in Hong Kong has also attracted numerous debates and discussions centering around the very same issues. This paper addresses the extent to which government policy has helped increase the number and diversity of private secondary schools in Hong Kong, which, in turn, would expand the options for parental choice in

Hong Kong. Five indicators were selected to measure this objective. They are as follows: (1) Number of private schools and students enrolled, (2) Types of private schools and their curriculum, (3) Number of aided schools joining the Direct Subsidy Scheme, (4) Number of government-built premises allocated to interested bodies to operate Direct Subsidy Scheme schools, and (5) Number of land grants and capital assistance loans to private independent schools. This paper will also address several critical issues such as efficiency and cost-effectiveness, accountability, choice, and equity pertaining to the government policy towards private schools in Hong Kong.

Definitions of Private Schools in Hong Kong

At the outset, some definitions of private schools are needed because for historical reasons, Hong Kong has one of the most complicated private school systems in the world in terms of financial arrangement and school characteristics (Education Commission, 1988). The Hong Kong government classifies private schools into five major categories: CAPUT schools (CAPUT), Bought Place Scheme (BPS) schools, Direct Subsidy Scheme (DSS) schools, local private independent schools (PIS), and international schools. CAPUT schools receive government assistance in the form of a per capita grant. Bought Place Scheme (BPS) schools receive subsidy based on the number of classes operated irrespective of the number of students in each class. The scheme was initiated when the Hong Kong government started to buy school places from private schools in early 1960s because there were insufficient school places in the public sector. In the Education Commission Report No. 3 (hereafter ECR3) in 1988, the government recommended the abolition of BPS and replaced it in fall 2001 with DSS starting 1991. Direct Subsidy Scheme schools (DSS) receive direct subsidy from the government based upon the number of students the school can attract and the tuition charged. Local private independent schools include profit-making and non-profit-making schools. International schools offer curriculum designed for the needs of a particular cultural, racial or linguistic group or for students wishing to pursue their studies overseas. It is interesting to note that unlike many countries, most private schools in Hong Kong, with the exception of a handful of high-fee international schools and prestigious independent private schools, generally cater to those who fail to obtain a public school place through the public examination system.

As indicated in Figure 1, as of April 2001 there were 496 secondary schools in Hong Kong. The majority of students attended public funded schools² and only 10% were enrolled in 87 private schools. Within the

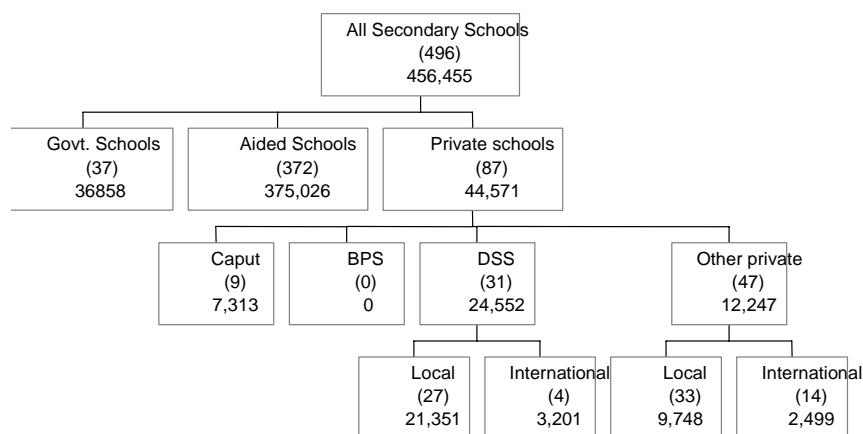
private secondary school sector, there were 9 CAPUT schools, 27 local DSS schools (3 key subgroups in this category: Pro-China schools, Former BPS, and New DSS schools), 18 international schools, and 33 private independent schools. The following chart provides detailed figures on the breakdown of each category.

Methods

Data Sources and Procedures

This analysis employed both quantitative and qualitative methods. The data were obtained from the following three major sources: (1) survey questionnaire; (2) in-depth interview; and (3) government statistics. The major source of data for the survey and in-depth interviews were private secondary school principals. Prominent educators, legislators, and government officials were also included in the interview to supplement the data gathered from the principals. The survey consisted of three main parts: (1) questions that investigate the perceptions of principals regarding government policy toward private education in Hong Kong; (2) demographics; and (3) basic school statistics. The survey with a self-addressed, stamped envelope was mailed to all private school principals in October 2001. The individual interview with selected principals and educators was about an hour and a half long each. Four major issues were explored during the interview: (1) How do the respondents feel about the government policy toward private schooling in Hong Kong; (2) To what extent have the government policy's objectives been met; (3) If these objectives have not

Figure 1
Number of Secondary Day Schools in Enrollment by Sector, April 2001



been met, why and how could they be resolved; and (4) What should be the role of private schools in Hong Kong. These various data sources make it possible to access the opinions and feeling constituents have about the impact of government policies on private schools in Hong Kong.

Sampling

For the survey, the sample was the entire population, i.e., all private secondary schools in Hong Kong. For the in-depth interviews, a stratified sample (at least 25% in each subgroup) was used. The chief reason for employing stratified sampling for the in-depth interviews is that there are few distinct types of private secondary schools in Hong Kong. The stratified sampling ensures that the sample represents the entire population. Schools were randomly selected from each subgroup. As indicated in Table 1, three CAPUT schools, ten DSS schools (3 Pro-China group, 5 former BPS schools, and 2 new DSS schools), four international schools, and six regular private schools were selected for in-depth interviews and school observations.

Response Rate

Notice that there was a notable difference between the number of private secondary schools in the study (Table 1) and that in the government record (Figure 1). Of all 87 private secondary schools, only 67 were eligible for the study, and 20 of them were taken out for two major reasons. Though there were 18 international schools listed, only 16 of them offer secondary education. In addition, a good number of local private making private schools had already closed down when the field work was conducted. Of the 67 principals, 42 (61%) responded to the survey and 23 (34%) were interviewed.

Table 1
Stratified Sample for the Study

Types	Total Number of schools	Estimated number of students	Characteristics	Sample size
Caput school	9 schools	7,313	1 type	3 schools
Local DSS school	24 schools	21,351	3 types	10 schools
International school	16 schools	5,700	2 types	4 schools
Local private independent school	18 schools	5,400	2 types	6 schools

Results

Indicator 1: Number of Private Secondary Schools and Students Enrolled

The first indicator used to measure diversity and parental choice is the number of private schools and students enrolled. This section examines how the number of private secondary schools and the number of students enrolled has changed over the last twelve years. Though our focus is on the private secondary school sector, the change within the public school sector will also be displayed for comparison and references.

(a) Secondary Schools by Sector, 1989-2001

As indicated in Tables 3 and 4, the total number of private secondary schools (local and international) has increased from 77 in 1989 to 87 in 2001, a 13% increase. Though the actual number of private schools has gone up by 13%, the percentage of private schools in the secondary school sector has slightly gone down by 0.5% over the last twelve years. Within the public school sector, the total number of government schools has decreased slightly from 40 in 1989 to 37 in 2001, an 8% drop. In terms of percentage in the secondary school sector, the government schools have declined by 2% over the last twelve years. Aided schools in the public sector perhaps have increased the most. The number of aided schools has increased steadily over the last decade, from 310 in 1989 to 372 in 2001, a 20% gain. And the total percentage gain for aided schools in the secondary school sector is 2.4%. One of the main reasons for the expanded number of aided schools over government schools is that government

Table 2
Response Rate of the Survey and the In-Depth Interviews

	Types	Total number of schools	Survey returned	Interviews conducted	Survey %	Interview %
DSS	Pro-China	5	5	3	100%	60%
	New DSS	3	2	2	67%	67%
	Former BPS	16	9	5	56%	31%
Local PIS	Non-profit PIS	7	5	3	71%	43%
	Profit PIS	11	5	3	45%	27%
CAPUT		9	7	3	78%	30%
International		16	8	4	50%	25%
Total /Average		67	41	23	61%	34%

schools have a much higher operating cost than aided schools. For one thing, government schools are wholly financed and operated by the Hong Kong government. Teachers and principals are civil servants who enjoy much better benefits and packages than their counterparts in the aided school sector. Though aided schools are totally subsidized by the government, the sponsoring bodies are responsible for some upfront operating costs. Since the implementation of 9-year universal education in 1978, the government strategy has always been to expand the aided school sector instead of government schools to lower the cost of public education (Interview #1, 2001).

Within the private secondary school sector, the number of international schools has increased steadily in the last ten years, climbing from 12 in 1990 to 18 in 2001, a 50% gain. The number of local private independent schools also increased slightly, from 31 in 1990 to 33 in 2001, a 6% rise. With regard to Caput schools, the number has dropped from 11 in 1989 to only 9 in 2001, an 18% decline. International schools have gained approximately 5% in the past decade in the private school sector.

Table 3
Number of Various Types of Schools in Hong Kong

Year	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Change 1989-2001
Government	40	41	42	40	39	38	38	37	37	37	37	37	37	-3 (-8%)
Aided	310	317	324	323	323	333	337	341	346	352	362	368	372	62 (20%)
Private	77	76	76	92	87	84	91	82	85	82	81	81	87	10 (13%)
Caput	N/A	11	11	11	10	9	9	9	9	9	9	9	9	-2
BPS	N/A	22	21	20	20	21	20	20	20	18	8	4	0	-22
DSS	N/A	0	5	6	7	7	7	7	8	10	19	25	27	27
Local PIS	N/A	31	25	37	32	29	37	28	29	27	26	24	33	2
International	N/A	12	14	18	18	18	18	18	19	18	19	19	18	6
Total	427	434	442	455	449	455	466	460	468	471	480	486	496	69

Table 4
Percentage of Various Types of Schools in Hong Kong

Year	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Change 1989-2001
Government %	9%	9%	10%	9%	9%	8%	8%	8%	8%	8%	8%	8%	7%	-1.9%
Aided %	73%	73%	73%	71%	72%	73%	72%	74%	74%	75%	75%	76%	75%	2.4%
Private %	18%	18%	17%	20%	19%	18%	20%	18%	18%	17%	17%	17%	18%	-0.5%
Caput	N/A	14%	14%	12%	11%	11%	10%	11%	11%	11%	11%	11%	10%	-4.1%
BPS	N/A	29%	28%	22%	23%	25%	22%	24%	24%	22%	10%	5%	0%	-28.9%
DSS	N/A	0%	7%	7%	8%	8%	8%	9%	9%	12%	23%	31%	31%	31.0%
Local PIS	N/A	41%	33%	40%	37%	35%	41%	34%	34%	33%	32%	30%	38%	-2.9%
International	N/A	16%	18%	20%	21%	21%	20%	22%	22%	22%	23%	23%	21%	4.9%

Source: Enrollmet Statistics 2001, Hong Kong Education Department.

On the other hand, both the percentage of Caput schools and local private independent schools slipped slightly in the same period, 4% and 3% respectively. Perhaps, the most notable changes within the private sector were BPS schools and DSS schools. As indicated in ERC3, the Hong Kong government clearly stated that BPS would be gradually phased out and would be replaced by DSS (Education Commission, 1988). Only those private schools that met certain requirements such as staff qualifications, school administration, physical facilities, self-owned premises, etc were qualified to join the DSS sector. Since the BPS expired in 2001, the majority of the former BPS schools have gradually joined in the DSS sector since 1998. Notice the number of DSS schools has increased gradually, from 0 in 1989 to 27 in 2001. On the other hand, the number of BPS schools has dropped from 22 in 1989 to 0 in 2001. As can be seen in Table 5 below, over half of existing DSS schools (63%) were former BPS schools.

Figure 2 illustrates that within these five main types of private secondary schools, local private independent schools fluctuated the most, especially profit-making secondary schools. A good number of the local profit-making private schools have closed their doors over past two years due to competition and shrinking profits. For example, the researcher visited one of these private schools in May 2001, but during the latest visit in October 2001, the school had closed down due to keen competition in this area (Interview #2, 2001).

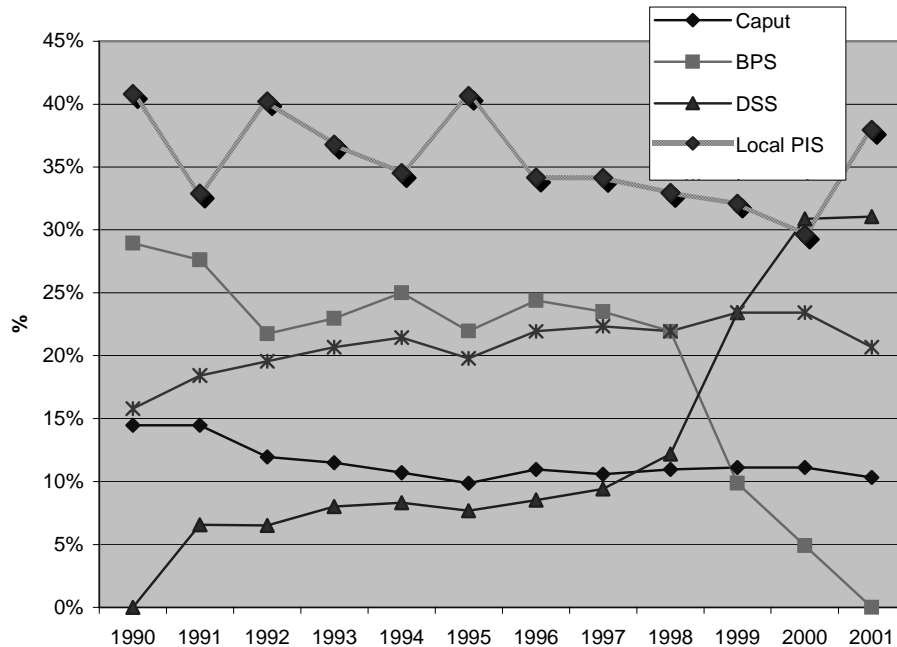
(b) Enrolment by Sector, 1989-2001

Though the number of private secondary schools has increased somewhat since 1989, the number of students enrolling in the private secondary school sector has been decreasing gradually over the last decade from 81,079 in 1989 to 44,571 in 2001, a 45% decline as indicated

Table 5
Types of Direct Subsidy Scheme (DSS) Schools in Hong Kong

Direct Subsidy Scheme Schools	Number	Percentage
Former BPS	17	63%
Former Private Independent Schools	5	18%
New DSS	3	11%
Others	2	7%
Aided Schools	0	0%

Figure 2
Number of Different Types of Private Schools in Hong Kong, 1990-2001



Source: Enrollment Statistics 2001, Hong Kong Education Department.

in Table 6. The decline has been in large measure the result of deliberate government action. As stated in ECR3, the government required private schools to reduce class size and change from bi-sessional to unisessional operation in order to be qualified for the subsidy. As a result of these requirements, the enrollment of private secondary schools has dropped half over the last decade. On the other hand, the enrollment in government schools has been extremely stable since 1989, average 36,700 students. Aided schools perhaps have the biggest increase in enrollment, from 318,695 in 1989 to 375,026 in 2001, an almost 18% increase. In terms of the percentage gain in secondary school sector, aided schools gained over 9%, government schools remained almost unchanged and private schools slipped by 8.8% since 1989.

Looking at the private secondary school sector alone in 2001, we see that local private schools, which include Caput, BPS, DSS, and PIS, enrolled 86% of all private secondary students in Hong Kong, whereas international schools enrolled 14%. Within the local private schools, DSS

schools enrolled most students, almost 50% of all private school students. Local private independent schools, which include local profit-making and non-profit-making schools, enrolled approximately 22% of all private school students. The total enrollment of Caput schools was 16% of total private school students. In terms of percentage change in enrollment in the private sector, international schools are the biggest winner. Formerly, international schools were mainly for expatriate children. The large number of Hong Kong residents returning from overseas and an increased number of middle-class in Hong Kong have bolstered international schools' popularity among Hong Kong parents since the early 1990s. As indicated in Table 7, the percentage of students enrolled increased from 5% in 1990 to 14% in 2001, a 9% jump (Interview #3, 2001). Caput schools have dropped slightly from 19% to 16%, a 3% decline. Like Caput schools, PIS also experienced a 6% drop in student enrollment over the last twelve years. As mentioned previously, since the launch of the Direct Subsidy Scheme in 1991, BPS schools have started to switch to the DSS sector. The percentage decrease in the BPS sector was reflected in the increase in the DSS sector.

Brief Summary and Analysis

Since the issuance of ECR3, the overall number of private schools has increased about 13% but the percentage of students enrolled in local

Table 6
Number of Students in Various School Sectors in Hong Kong

Year	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Change 1989-2001
Government	36654	37625	38400	38604	39246	39091	38905	37728	37444	36705	36502	36662	36858	204
Aided	318695	325604	337342	349036	358429	362445	366377	372584	367242	365458	367648	371259	375026	56331
Private	81079	68152	60597	58145	58260	56663	54563	55346	53432	53709	49315	48772	44571	-36508
Caput	N/A	12795	12172	11294	10236	9604	8165	7846	7627	7427	7309	7316	7313	-5482
BPS	N/A	32931	26102	22111	21350	20408	18601	18926	16787	14711	4525	1505	0	-32931
DSS	N/A	0	3697	4337	5020	5534	5772	5895	7243	8864	16686	20007	21351	17654
PIS and others	N/A	19006	14428	15856	15434	15855	16040	17382	16318	17193	15269	14244	9748	-9258
International	N/A	3420	4198	4547	6220	5262	5985	5297	5457	5514	5526	5700	6159	2739
Total	436428	431381	436339	445785	455935	458199	459845	465658	458118	455872	453465	456693	456455	20027

Table 7
Percentage of Students in Various School Sectors in Hong Kong

Year	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Change 1989-2001
Government %	8%	9%	9%	9%	9%	9%	8%	8%	8%	8%	8%	8%	8%	-0.3%
Aided %	73%	75%	77%	78%	79%	79%	80%	80%	80%	80%	81%	81%	82%	9.1%
Private %	19%	16%	14%	13%	13%	12%	12%	12%	12%	12%	11%	11%	10%	-8.8%
Caput	N/A	19%	20%	19%	18%	17%	15%	14%	14%	14%	15%	15%	16%	-2.4%
BPS	N/A	48%	43%	38%	37%	36%	34%	34%	31%	27%	9%	3%	0%	-48.3%
DSS	N/A	0	6%	7%	9%	10%	11%	11%	14%	17%	34%	41%	48%	47.9%
PIS and others	N/A	28%	24%	27%	26%	28%	29%	31%	31%	32%	31%	29%	22%	-6.0%
International	N/A	5%	7%	8%	11%	9%	11%	10%	10%	10%	11%	12%	14%	8.8%

Source: Enrollment Statistics 2001, Hong Kong Education Department.

private schools has been shrinking. As discussed earlier, this has been the result of deliberate government actions such as switching from bi-sessional operation to whole-day school and reducing class size. It is clear that the focus of ERC3 was more on improving the quality of existing private schools, not the quantity. However, the recent government policymakers has turned their focus more on increasing the number of private schools by providing school premises and land to private schools. In a recent policy address, the Hong Kong government has estimated that there will be some 60 DSS and private independent schools in operation by 2006 (Hong Kong Government, 2001). The increasing number of good quality private schools will definitely add more diversity and parental choice in the Hong Kong education system in the near future.

Indicator 2: Types of Schools and Curriculum

The second indicator employed to measure diversity and greater parental choices are the types of schools and curriculum offered in Hong Kong. This section will examine the general characteristics of each type of private school in Hong Kong and identify differences among them. As noted in Table 8, there are basically two main school sectors in Hong Kong: the public and private school sectors. Within the public sector, there are 37 government schools and over 370 aided schools. Within the private sector, there are DSS schools, Caput schools, local PIS, and international schools. As mentioned previously, all these schools are run by private organizations with varying degree of government subsidy.

Though there are different types of schools in Hong Kong, with the exception of international schools, the majority of the local schools are relatively homogenous in terms of curriculum. As can be seen in Table 9, almost all local secondary schools, both private and public, offer an

Table 8
Types of Schools in Hong Kong

Public School Sector			Private School Sector					Subtotal	Total
Government schools	Aided Schools	Subtotal	International Schools	DSS Schools	Caput Schools	Local PIS			
37	372	409	18	27	9	33	87	496	

Table 9
Types of Curricula Offered in Hong Kong and the Percentage of Students Attending These Schools

Local curriculum	International curriculum			
HKCEE and HKAL	British	American	Canadian	Others
99%	1%			

extremely similar curriculum, which is mainly geared toward Hong Kong public examinations, namely the Hong Kong Certificate of Education Examination (HKCEE) and Hong Kong Advanced Level Examination (HKALE). Unlike international school students, local school students have to take various public examinations at various stages in their school life in order to move on to a university. HKCEE and HKALE are perhaps the two most important high-stakes tests in Hong Kong. The test scores determine one's eligibility for pre-university classes and are yardstick to measure student achievement.

Most local private school principals interviewed agreed that one of the main objectives of their school is to help their students get good public examination scores. As one principal commented:

We try to inject more diversity into our curriculum but only limit to the lower forms such as Form 1 and Form 2 [Grade 7 and 8]. Once students get to Form 3 or Form 4 levels [Grade 9 and 10], we have to focus on preparing them for examinations and nothing else. Public examination scores rule in Hong Kong! The better the examination results, the more students you can attract. (Interview #4, 2001)

In contrast to local secondary schools, the international school sector does offer a variety of curricula such as British, American, Canadian, German, Japanese, Korea, etc. In the past, the majority of students attending these international schools were children of expatriates. Though there is an increasing number of local children attending these international schools over the last decade, the total number of students attending these schools is low, 1% of all secondary school students. One of the main reasons for this small enrollment is that these international schools charge high tuition fees and many local parents cannot afford to send their children there. One principal made the following observation:

If you have rich parents, you have lots of school choices. You can choose the local curriculum, British curriculum, American curriculum, you name it. But if you can't afford to pay, there is not much you can choose from. There are choices but they come with a price tag (Interview #5, 2001)

Another principal made a similar comment:

If you look at the schools in Hong Kong, most parents are still stuck with few options. If you ask parents their school preference, I would say most parents would love to send their children to international schools but because of high tuition fees, few parents could afford it. The next option would be reputable government and aided schools, again there are only a handful of them and it is extremely difficult to get in. Well, if you can't get in a reputable government or aided school, you have only one more option, that's the Direct Subsidy Scheme schools. Again, the majority of

the existing DSS schools are former BPS schools, which are widely perceived by many parents as second-class schools. Though there are over 400 schools, the types of choices are indeed few for most average parents. (Interview #6, 2001)

Though the government talks about diversity and parental choice in their policy documents, these issues are not yet on their agenda. As one prominent educator observed:

I would say no one in the Education Department talks about diversity. Diversity is not on the policy agenda at this time. My reading is that they are talking about competition rather than diversity. I think one of the main goals of the government right now is to push for more schools into the DSS sector. By creating more DSS schools, they will create competition among schools, thus improve the overall quality of education in Hong Kong. But curriculum diversity again will take a while before it hits their agenda. (Interview #7, 2001)

Brief Summary and Analysis

It is clear that one of the biggest obstacles for curriculum diversification seems to be the existing high-pressure examination system. Many school principals agreed that the Hong Kong education system extremely values high-stakes tests. As a result, to survive in such a high-pressure examination system, schools have to teach to the tests and find no room for curriculum diversification and innovation. To achieve the goal of diversification and curriculum innovation, some types of reform must take place. As one principal suggested:

If the government indeed wants to inject more diversity into the existing curriculum, they have to restructure the whole education system [to make it less test-driven] so that there is more room for the school to create different courses that will be beneficial to our students. (Interview #8, 2001)

Indicator 3: Number of aided schools joining the Direct Subsidy Scheme

The number of aided schools joining the Direct Subsidy Scheme (DSS) is another indicator to measure diversity and choice in the Hong Kong education sector. In his 1998 Policy Address, Mr. Tung Chee-Hwa, Chief Executive of HKSAR, clearly stated that one of the main objectives of the government policy was to strengthen the private sector in part by attracting a portion of aided and Caput schools to join the DSS sector (Interview #9, 2001). Under the Direct Subsidy Scheme, these schools are allowed to charge tuition fees on top of subsidies. In addition, the scheme also grants these schools more autonomy in terms of curriculum design, medium of instruction, and resource allocation. Despite the push from

the government, not even one aided or Caput school³ has joined the scheme since the start of the DSS in 1991.

There are a few reasons why aided and Caput schools do not want to join the Direct Subsidy Scheme. Under the existing arrangement, the government allocates students to all aided and Caput schools under the central allocation system. In other words these schools are guaranteed to have sufficient number of students attending their schools. Sufficient students mean sufficient funding. Unlike aided and Caput schools, DSS schools have to recruit their own students and the amount of subsidies these schools received largely depends on the number of students enrolled in these schools. The potential risk of not enrolling sufficient students make many schools hesitant to step forward. As one aided school principal said:

Why risk? Right now the government allocates enough students to our schools every year. But once we switch to the DSS sector, we have to recruit our own students. If you can't recruit enough students, we probably have to dismiss some teachers or in worst case we have to close door. (Interview #10, 2001)

The potential risk of recruiting students even worries prestigious aided schools. As Lawrence Lo, Episcopal delegate of education at the Catholic Education Office, said, "We're already getting the top students [under the school allocation system], why should we take the risk" (Wan, 1999). Caput school principals also shared the same concern. Most Caput school principals interviewed said that they would either switch to the aided sector or to remain in the Caput school sector but definitely not the DSS sector.³ As one Caput school principal said:

If our school switches to the DSS sector, we may not be able to survive because of our poor academic reputation. Who wants to send their children here? But right now, since we have an agreement with the government, they supply students to us. Though most students allocated to our school are low achievers, it is better than to have no students at all. (Interview #11, 2001)

Teachers' resistance is also a major concern. After joining the scheme, teachers have to leave their existing retirement scheme in the aided school sector, which may cause them thousands of retirement dollars in the long haul. In addition, job security is another critical concern raised by many teachers. In aided school sector, it is extremely difficult to fire a teacher. As one principal stated:

Once you are in [the aided sector], you are almost here for life if you want to. However, in a DSS school, the principal has the discretion to dismiss any teachers at any time. Our sponsoring body has been discussing the

possibility of switching to the DSS sector for a quite long time but the majority of our teachers had opposed such change because of the job security issue. (Interview #12, 2001)

To attract more aided schools to join the DSS, the Hong Kong government has modified the scheme substantially over the years to reduce the risk of switching to the DSS. First, if a school does not recruit enough students, the government would still subsidize them to the full amount as in any aided school for the first five years. In addition, after five years, the school would have a choice to switch back to the aided sector if they do not feel comfortable with their DSS status. Third, in the past, the higher the tuition fees, the less subsidy DSS schools receive. But the revised scheme has allowed these DSS schools to charge high tuition fees to a certain level without losing any subsidy (Interview #13, 2001).

In addition to the more attractive modified DSS scheme, the recent education reform has also generated some incentives for some reputable schools to join the scheme. For example, when the researcher conducted his fieldwork in October 2001, one reputable aided school decided to join the scheme next year and a few more were considering such an option. The Hong Kong Education Department has changed the student banding (ability grouping) from five to three. Schools that take in most high academic achievers would be band 1 schools; whereas schools that take in most low academic achievers would be band 5 schools. In the past, most reputable secondary schools could take in the best one-fifth of all students in Hong Kong. However, with the new banding system, many band 1 schools can only take in one-third of the best students in the pool, which makes their students less homogeneous in terms of their academic ability. As a result, to avoid taking in more low banding or low achieving students, some reputable aided schools are thinking to switch to the DSS sector. Some principals used the phrase “choose the best to teach” to describe the current phenomenon. One of the advantages of the DSS is that schools not only can choose their students, but they can charge high tuition fees at the same time. As one educator said:

Though these schools join the DSS sector for the wrong reason [to avoid education reform], it may be a good start. Hopefully, it may indeed create more diversity and competition in the Hong Kong educational system in the long run. (Interview #14, 2001)

Table 10 and Table 11 depict the responses of principals toward the Direct Subsidy Scheme. When asked whether the Direct Subsidy Scheme is a good policy to help improve the quality of private secondary schools, the majority of the respondents (68.3%) agreed. And when asked whether the DSS is a good policy to help increase diversity and choice in Hong

Kong education system, again an overwhelming majority (83%) agreed such statement. So it is obvious that the DSS is perceived as a good policy. The problem lies not in the idea, but in the implementation.

Brief Summary and Analysis

The above findings demonstrate that the Direct Subsidy Scheme (DSS) had a slow start in terms of attracting aided schools and Caput schools to join the sector. Though the government has revised the scheme to make it more attractive, there are only few schools stepping forward to join the DSS sector because of the retirement funds and job security issues. These issues must be addressed and resolved if the Hong Kong government wants to strengthen the private school sector, especially the DSS sector.

Indicator 4: Allocation of Government-Built Premises to Interested Bodies To Operate Direct Subsidy Scheme Schools

In addition to modifying the financial arrangement of the Direct Subsidy Scheme, the Hong Kong government has also made new

Table 10
Direct Subsidy Scheme (DSS) Is a Good Policy To Help Improve Quality of Private Secondary Schools

	Frequency	Percent
Disagree	1	2.4
Somewhat Disagree	5	12.2
Somewhat Agree	7	17.1
Agree	21	51.2
Strongly Agree	7	17.1
Total	41	100

Table 11
Direct Subsidy Scheme (DSS) Is a Good Policy To Help Increase Diversity and Choice in Hong Kong Education System

	Frequency	Percent
Disagree	1	2.4
Somewhat Disagree	2	4.9
Somewhat Agree	4	9.8
Agree	27	65.9
Strongly Agree	7	17.1
Total	41	100

premises and land and capital loans available to school sponsoring bodies that are interested in operating a DSS school. As indicated in Table 12, in the past three years, the government has allocated a total of 15 school premises to the DSS sector. The competition for the premises was keen. For example, 16 applications were received to compete for four DSS premises in 1999, 10 applications for two premises in 2000, and 20 applications for nine premises in 2001. According to the latest policy report, the Hong Kong government will continue to allocate more school premises to the DSS sector (Hong Kong Government, 2001).

The allocation of government-built premises to interested bodies to operate DSS schools is greatly welcomed by many private school principals. For example, when asked whether this is a good policy to help both improve the quality of private secondary schools and increase diversity and parental choice in the Hong Kong education system, over 90% of all private school principals said "yes" as indicated in Table 13 and 14.

The researcher had the opportunity to tour a few of these new private school premises, also known as "2000 standard design campus." In terms of sizes and facilities, these new government-built school buildings are

Table 12
Schools Allocation Exercise in Hong Kong, 1999-2001

Year	Application Received	Schools Allocated
1999	16	4
2000	10	2
2001	20	9
Total	46	15

Source: School Allocation Division, Education Department, Hong Kong, 2001.

Table 13
Allocation of Government-Built Premises to Interested Bodies To Operate DSS Schools Is a Good Policy To Help Improve the Quality of Private Secondary Schools

	Frequency	Percent
Disagree	1	2.4
Somewhat Disagree	2	4.9
Somewhat Agree	8	19.5
Agree	23	56.1
Strongly Agree	7	17.1
Total	41	100

much more attractive. These new DSS premises have standard-size basketball courts, playgrounds, canteens or cafeterias, and special rooms. For example, Hong Kong David Li Kwok Po College has one of these campuses. The new school building has 8 stories with 30 classrooms, 16 special rooms, school halls and spacious student activities centers. In addition, it has 4 advanced information technology multi-media learning centers, a well-equipped language laboratory, and a fully automated library. Table 15 shows the average size of all existing local private schools. The average size of the new DSS premises is 11,800 m², which is more than 2-3 times as big as most private schools.

One of the biggest complaints of most private school principals focuses on their school facility. Many of these private schools are still operating in sub-standard school premises. When asked what are the major problems that they encounter in recruiting students, "school facilities are not attractive" is on the top of the list (See Table 16).

As one private school principal stated:

We are willing to spend money on improving our teaching and learning such as having more science labs or computer rooms. The problem is that even though we have the money, we don't have spaces in our existing facility to expand. Space is perhaps one of the biggest challenges to many private schools in Hong Kong. (Interview #15, 2001)

Table 14
Allocating Government-Built Premises to Interested Bodies To Operate DSS Schools Is a Hood Policy To Help Increase Diversity and Choice in Hong Kong Education System

	Frequency	Percent
Disagree	1	2.4
Somewhat Disagree	2	4.9
Somewhat Agree	8	19.5
Agree	25	61
Strongly Agree	5	12.2
Total	41	100

Table 15
Average Size of Different Types of Private School Premises

	New DSS	Pro-China	Former BPS	Caput	Local PIS
Average size (m ²)	11,800	4,320	5,071	4,000	N/A

Source: Hong Kong Education Department Website.

Table 16
Major Challenges Facing Private Schools

Category	Total
School facilities are not attractive	15
The location of the school is not good	13
Parents do not understand what DSS is	12
Parents find paying fees not acceptable	9
Government control is still rigid	8
The history of the school is too short	7
School fees too expensive	5
Others	2

Echoing his comments, another principal also suggested a similar challenge:

We have received numerous complaints from our neighborhood, telling us how noisy [our students] are during recess. The problem is that we don't have room for students to play inside the building. That's why our students have to walk outside of the school building for recess. (Interview #16, 2001)

Brief Summary and Analysis

The survey data suggest that the policy of allocating school premises to the DSS sector is greatly welcomed by most private school principals. Many principals believe that this policy will make a significant impact on teaching and learning though the results yet remain to be seen. This policy is both a huge commitment and investment from the government but it seems that it also has the potential to be instrumental in building a strong private sector in Hong Kong.

Indicator 5: Granting of Land at Nominal Premiums and Capital Assistance Loans to Non-Profit-Making Schools

In addition to allocating school premises to DSS schools, the Hong Kong government also grants land at a nominal premium and capital assistance to non-profit-making schools to strengthen the private school sector. In the last three years, the government has granted seven sites to private independent schools. The competitions for these sites were fierce. For example, in 1999, there were 16 applications for two sites. Again in 2000, 14 applications were received and three sites have been granted. In 2001, 11 applications competed for two sites. Overall, a total

of 41 applications have been received for only seven sites in the last three years. In other words, only 17% of all applications were given school sites as indicated in Table 17.

As can be seen in Tables 18 and 19, the policy of granting of land at a nominal premium to non-profit-making secondary schools is popular among private school principals. When asked whether granting of land to non-profit-making private secondary schools is a good policy to help improve the quality of private secondary schools, over 80% of the principals agreed. Again, when asked whether the same policy would help increase diversity and greater parental choice in the Hong Kong education system, over 90% agreed that it would. As one principal stated:

There is no way we could establish a school without the help from the government. Land is very expensive in Hong Kong. If we have to buy it ourselves, we have to raise tuition fee to over at least HK\$10,000 (US \$1,250) a month, which not many students can afford. The recent government policy does help a certain number of educators to fulfill their dream. (Interview #17, 2001)

Brief Summary and Analysis

Like the responses from school premises allocation question, most

Table 17
Land Allocation Exercise to Private Schools in Hong Kong

Year	Application Received	Schools Allocated
1999	16	2
2000	14	3
2001	11	2
Total	41	7

Source: School Allocation Division, Education Department, Hong Kong, 2001.

Table 18
Granting of Land at Nominal Premium to Non-Profit-Making Private Secondary Schools Is a Good Policy To Help Improve the Quality of Private Secondary Schools

	Frequency	Percent
Disagree	1	2.4
Somewhat Disagree	5	12.2
Somewhat Agree	4	9.8
Agree	27	65.9
Strongly Agree	4	9.8
Total	41	100

Table 19
Granting Land at Nominal Premium to Non-Profit-Making Secondary Schools Is a Good Policy To Help Increase Diversity and Choice in Hong Kong.

	Frequency	Percent
Disagree	1	2.4
Somewhat Disagree	3	7.3
Somewhat Agree	6	14.6
Agree	27	65.9
Strongly Agree	4	9.8
Total	41	100

private school principals feel that granting land is a good policy to help both improve the quality of private secondary schools and increase diversity and parental choice in the Hong Kong education system. The price of the land is one of the biggest expenses. Several school sponsoring bodies stated that without the help of this policy, there is no way they could even apply for establishing a school. In one of the latest government policy addresses, the Hong Kong government has committed to continue to allocate land to private school sector. This policy will definitely benefit the private school sector as a whole.

Discussion

In an effort to revitalize the private school sector, the Hong Kong government has put forth several key initiatives since the issuance of the ECR3 in 1988. These initiatives have generated much public discussions. Issues such as cost-effectiveness, accountability, choice, and equity are at the center of the debates. Proponents claimed that these initiatives would help promote efficiency and inject more diversity into the Hong Kong education system. Opponents argued that these favorable treatments to private schools would jeopardize the long-standing ideal of offering every child equal access to high-quality public schooling, and thus may further exacerbate social stratification in Hong Kong. Some educators condemned these policies as “using money to entertain only the rich.” The findings from this study prompt a critical examination of these measures regarding private secondary schools. This examination will be organized around the issues of funding and cost-effectiveness, accountability, choice, and equity.

Funding and Cost-Effectiveness

One of the most common questions posed by opponents is whether the use of public money for private schools is appropriate. First, let's look at the policy of granting land and interest-free capital assistance loan to private independent schools. At first blush, these initiatives may seem to add a substantial financial burden to the education budget, but in the long haul the policy may save taxpayers' money. Here is why. The estimated annual cost of educating a secondary school student is approximately HK\$30,000 (US\$3,850). If a private independent school enrolls 500 students, it would save the government HK\$15 million annually. In ten years, it would save the government about HK\$150 million. From an economic point of view, granting land and interest-free loan to private school sector is a sound policy. Like the land and interest-free loan policy, the policy of allocating government-built premises to interested bodies to operate DSS schools is also financially and practically sound. Under the Direct Subsidy Scheme, schools are provided with a recurrent government subsidy based on the average unit cost of an aided secondary place. In general, the average cost of subsidizing a DSS schools is lower than operating an aided school. To minimize financial abuse in the DSS sector, DSS schools are required to submit a set of auditor's financial report. This will prevent possible financial malpractice in the sector. Furthermore, the policy of encouraging aided schools to the DSS sector may further reduce the cost of operation in the long run. Like many other developed countries, the cost of managing public schools in Hong Kong is high. At present over 90% of secondary schools in Hong Kong are public schools, and the Hong Kong government has to employ over a thousand employees in the Education Department to manage and supervise these schools. Switching more aided schools to the DSS sector would decrease the government's administrative cost over education. So from a financial and practical standpoint, these policies should be encouraged.

The perspectives of secondary private school principals gathered in this study also suggest that government policies of providing buildings, land, and interest-free loans should be encouraged. The data demonstrate that these types of subsidies are, for these principals, one of the most attractive aspects of Hong Kong government policy. The principals noted that parents place high value on new facilities, and thus these subsidies help attract new students to the private schools. The cost-effectiveness of subsidized facilities, loans, and land and their positive reception by crucial stakeholders (principals and parents) support their continuation.

Accountability

The policy of enlarging the DSS sector is also in line with the school-

based management initiative promoted by the Hong Kong government. In the past, the Hong Kong government has had considerable control over public and private schools regarding administrative and financial control. Teachers and principals in both private and public schools are often bound by government regulations. With the introduction of the Direct Subsidy Scheme, these schools are given more freedom with regard to curricula, fees and entrance requirements. Unlike aided schools, which are highly protected by the government in terms of student enrollment, job security, and financial stability, these DSS schools are more market-driven and more open to change. DSS schools have the potential to provide a model for school-based management for the public school sector.

The tough question remains: To what extent should the government regulate these private schools? Too much regulation undercuts the ability of such schools to be more self-reliant and innovative. On the other hand, too little regulation opens the possibility for educational and financial abuse. There is, though, a good argument for less regulation in the Hong Kong private school sector. As mentioned above, these private schools, in many ways, are self-regulated by market forces—if they do not attract enough students, their tuition and subsidies will fall below the adequacy level. Whether these private schools can thrive or in some cases survive greatly depends on their ability to provide quality education to the general public. In addition, these private schools are accountable to their parents who often demand better educational services from schools than the government. The market and the parents serving as checks on educational and financial abuse alone will generate enough incentive for quality education and school improvement in these private schools. The data gathered in this study expose the risks inherent in this market-demand model of private education. The risks associated with school-based management, as described by secondary private school principals, can be grouped into two closely related categories: (1) the burden of attracting their own students versus having students allocated by the government, and (2) having subsidies dependent on student enrollment versus a guaranteed amount of subsidies. Yet, despite these risks, the principals in this study indicated that they were willing to take these risks in order to enjoy the benefits of Hong Kong government policy support of private schools.

Parental Choice and Diversity

In addition to cost-effectiveness and accountability, these policies also help generate real choices for parents. In the past, the education standard of private schools was, in general, polarized into two extremes with very few options in between. At one end are these former Bought

Place Scheme schools. Many of these schools are still operating in substandard school premises, and the majority of their students are low academic achievers. At the other end of the spectrum are high tuition fees international schools that have superior campus and school facilities. Though there are over 80 private schools in Hong Kong, the choices for parents really are limited. Parents either do not want to send their children to former BPS schools or cannot afford to send their children to elitist international schools.

Since the introduction of the Direct Subsidy Scheme and other initiatives, the standard of many local private schools has been improving. For example, all five Pro-China schools have received new government-built school premises. With regard to the former BPS schools, though few of them have received school premises, overall standards of these schools have been improved compared to a decade ago because of government policy. The improved quality of these private schools allows them to compete with public schools of similar standing. There are also other indicators showing that the local private school sector is growing bigger and stronger. For example, the government policy of granting school premises has attracted a good number of school sponsoring bodies to operate new DSS schools. Just within the last three years, there have been three brand new DSS schools established. These three schools fall in between the two extremes mentioned in terms of their overall quality, school facilities, and their school fees. All three of these schools have a standard campus and the annual tuition fees are around HK\$9,000 (US\$1,125) a year. This is a tuition that many parents, even the low SES families, can afford. As mentioned previously, it is estimated that there will be 50 to 60 DSS schools and private independent schools by 2006.

The data gathered through this study illuminate two factors that complicate the reality of parental choice. Private secondary school principals cite the lack of curriculum diversification as a firm obstacle preventing any real choice from existing among private secondary schools. Essentially, all schools teach the same curriculum in order to prepare students for public examinations. The principals also assert that the past reputation of private schools as receptacles for students from low SES and low academic preparation backgrounds still hampers the new breed of Hong Kong private schools from being an appealing choice for all parents.

Equity

Despite the benefits of the government policy financial subsidies and other favorable treatment to the private school sector, much controversy in Hong Kong still exists. This controversy centers around the issue of equity. As discussed earlier, one of the recent policy recommendations is

to attract high quality public schools to the DSS sector. In addition to more flexibility in curriculum design, student admission, and budget management, these DSS schools are also allowed to charge tuition fees. Some people assert that students with low socio-economic backgrounds may be denied the educational benefits of these fee charging DSS private schools because of the probable high tuition fees. It may be true that like the international schools, these prestigious local private schools will most likely enroll more high SES students after they switch to the DSS sector. But other than charging high tuition fees, these “prestigious” schools have to give equal weight to the overall academic performance of their students to maintain their prestigious status. Thus, besides selecting students from well-off families these schools have to provide scholarships or free places to attract talented or academically outstanding students from poor families to keep up their reputation of their schools. In addition, the government has already asked each participating schools to set aside a certain amount of scholarships for students from low SES families to make sure all qualified students will be able to attend these schools.

While some opponents argued that DSS might create social and academic segregation, our data suggested otherwise. During our interviews, many private school principals believe that these high fee local private schools will be the minority and that the majority of the new private schools will be charging reasonable fees. For example, the three new DSS schools are good examples. The annual tuition fees of these schools are less than HK\$9,000, which is affordable even to many low SES families. Chinese parents, regardless of their socio-economic status, do place a high premium on their children's education. They are willing to pay extra for better educational services. In fact, many parents, even low-income families, hire private tutors or send their children to tutor schools in hope that their children will do well in school. Many principals interviewed believe that without the financial support from the government, these private schools may have to ask for higher tuition fees from students to balance their budget, which will in turn exclude low SES students. As one legislator stated:

If DSS can be further promoted and the government is prepared to introduce privatization in our education system, more and more schools will be motivated to strive for improvement and development. In other words, more schools will be able to offer places that provide quality education. The prestigious schools will not be the only schools to provide such places. All students, regardless of their SES, may have more access to these quality schools. (Interview #18, 2001)

To provide all qualified students, regardless of their socio-economic status, an equal opportunity to go into private schools, the Hong Kong

government should set up a mechanism to protect the fairness of the scholarship system and prevent schools from abusing the system. Furthermore, the government should also provide incentives to encourage more school sponsoring bodies to set up high quality low-fees private schools.

Conclusion

The survey and in-depth interview data suggest that the recent government policies toward private schools do have some positive impact on increasing parental choice in the Hong Kong education system. For example, the recent policy of allocating school premises and granting land to private schools has injected a positive dose of medicine to the ailing local private school sector. Indeed, the number of high quality low-fees private schools is on the rise as a result of these government initiatives. Curriculum diversity in the local school sectors (both private and public), which enroll 99% of all secondary school students in Hong Kong, remains almost nonexistent. The Direct Subsidy Scheme allows private schools to have increased flexibility in their curriculum. Yet, the existing high-pressure examination system virtually prevents the majority of these local schools from focusing on anything other than preparing their students for public examinations. Without further reform in the existing examination system, it is extremely difficult, if not impossible, to make a breakthrough in curriculum diversification. With regard to attracting aided schools to the DSS sector, the progress has been extremely slow.

Though the government has made the scheme more attractive than before, still few aided schools are willing to switch to the DSS sector. As stated in earlier section, there are two major reasons: (1) Teacher resistance because of job security and the pension fund scheme and (2) most aided schools worry about not attracting enough students. Again without resolving these issues, the number of aided schools switching to the DSS sector will continue to be few. In conclusion, though Hong Kong still has a long way to go in terms of increasing diversity and choice in the education system, government policy is heading to the right direction. One major challenge for the decade following will lie in the extent to which the government is able to resolve these major issues hindering the growth of private school sector.

Notes

¹ Because of their close relations with Communist China in the past, these schools were long excluded from the mainstream subsidy scheme by the then colonial government.

² Public schools include government and aided schools. Aided schools are

funded mainly by the Hong Kong government but managed by private sponsoring bodies. They are similar to charter schools in US.

³ At the time of this revision, several aided schools and Caput schools have already joined the DSS sector.

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