



## HOW DOES GLOBAL CAPITALISM AFFECT THE HIGHER EDUCATION SYSTEMS OF DEVELOPING COUNTRIES?

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### Abstract

This research aims to describe the expected and observed educational-instructional effects of economic globalisation on higher education institutions in so-called 'developing countries'. It explores how global capitalism forces universities in emerging economies, such as India, Turkey and China, to build up their education systems in accordance with the demands of the global market system. It concludes that a knowledge-driven global economy demands a larger proportion of the human capital and that this forces the higher education systems to redesign their strategies, education systems, policies and structures in order to compete effectively in the global economy and meet the demands of economic globalisation.

**Keywords:** Global Capitalism, Globalisation, Higher Education System, Developing Countries and Neoliberalism.

## KÜRESEL KAPİTALİZM GELİŞMEKTE OLAN ÜLKELERİN EĞİTİM SİSTEMLERİNİ NASIL ETKİLER?

### Özet

Bu çalışmanın temel amacı, ekonomik küreselleşmenin gelişmekte olan ülkelerin yüksek öğretim sistemleri üzerindeki beklenen ve gözlenen eğitim-öğretim etkilerini tanımlamaktır. Yapılan bu akademik çalışma, küresel kapitalizmin Hindistan, Türkiye ve Çin gibi gelişmekte olan ülkelerin eğitim sistemini küresel market sisteminin isteklerine uygun olarak nasıl inşa etmeye zorladığını irdelemektedir. Bu çalışmanın sonuçları göstermektedir ki, bilgiye dayalı küresel ekonomi daha geniş insan sermayesini talep etmekte ve bu durum küresel ekonominin ihtiyaçlarını karşılamak ve küresel ekonomi içerisinde daha etkili olabilmek amacıyla gelişmiş ülkelerin yüksek öğretim sistemlerinin stratejilerini, eğitim politikalarını, yapılarını ve eğitim sistemlerini yeniden dizayn etmeye zorlamaktadır.

**Anahtar Kelimeler:** Küresel Kapitalizm, Küreselleşme, Yüksek Öğretim Sistemi, Gelişmekte Olan Ülkeler ve Neoliberalizm.

### 1. INTRODUCTION

The rapid changes affecting higher education institutions and policies, owing to globalisation, have become an important issue in academic debate. Higher education cross-border flows of students, technology, knowledge, values and ideas, the privatisation of universities and highly skilled human capital are important elements in terms of international trade and the global economy. This is because higher education institutions provide human capital, goods, services, technology and knowledge with national and global dimensions, thereby exercising notable influence on global capital. Universities with a global perspective can contribute to the economic success not only of a region but of the whole world by deepening skills and knowledge.

In both developing countries and modern ones, higher education institutions are playing a key role in social, economic and cultural development, which can only be achieved by operating an effective education planning system that meets the needs of global capitalism (Othman, 2012); that is to say, there is a direct relationship between the economic growth and

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development of countries and the adaptability or response of universities to global capitalism. Therefore, the higher education systems of developing countries must be shaped by Western-oriented education if they are to respond to the rapid changes in the economy.

The explosion of information and communication technology across countries has encouraged policy makers to reform their higher education systems in order to compete in a globally challenging economy. Educators in developing countries are emphasising the importance of giving students an international perspective in order to adapt to the global context; in particular that dominated by Western universities (including American Universities). Europe's systems of higher education tend to exercise a profound influence in most less developed countries, and this extends from the developed to the developing world (Munene, 2012). Thus, many questions have been raised, to establish, for instance, if the effect of globalisation on higher education systems in developing countries is not in fact a project designed to advance Western-oriented economic systems. In spite of the fact that a rising of studies, considered the interaction of globalisation with higher education institutions, has published recently, the effect of economic globalisation on university is a relatively unknown quantity. Thus, this paper focuses on the changing role of the universities in developing countries and the impact of economic globalisation on their educational policies and strategies.

This research is divided into three broad sections. The first part examines the concept of globalisation worldwide. The next section explores the link between higher education and the demands imposed by global capitalism, analysing how the latter has shaped education systems. The final part concludes by demonstrating that the economic dynamics of globalisation have forced the transformation of higher education systems in developing countries.

## 2. THE CONCEPT OF GLOBALISATION

Over the last few decades, serious academic debates have sought to establish and define the concept of globalisation. What is meant by 'globalisation' is often confused and confusing. While the term has become widespread in the 21<sup>st</sup> century, many conflicting definitions and conceptions of the phenomenon have been put forward.

In general, globalisation can be characterised functionally by an intrinsically interrelated series of economic phenomena that include the deregulation of markets and the integration of capital markets (Bucur, 2009). The reduction in trade barriers and the increasing cross-border division of labour, marketisation and privatisation are basic features of economic globalisation. At this point, the critical question is whether globalisation has only economic influence and what economic globalisation means. In terms of economics, an aspect of economic globalisation greatly refers to free market systems. It is true that globalisation can be identified with particular economic trends, and specifically with marketisation. It is generally associated with capitalism. However, despite of the fact that globalisation is an important instrument for a free market system, it cannot be explained in merely economic terms. Globalisation also includes communication, information technology, cultural and ideological convergence, migration and tourism, finance and trade, etc. However, herein the focus is on the economic aspects of globalisation.



Jens Bartelson defines globalisation as transference from pre-constituted units and systems, be they economic, political or cultural (Bartelson, 2010). This approach coheres with that of Roger King who conceptualises globalisation as the global flow of economy, technology, culture, knowledge, tradition, values and ideas across countries (King, (undated)). These now tend to spread quickly across borders as a result of the internet and the latest developments in technology and transportation, thereby reducing the distances between people, countries and cultures. In this context, access to Western universities from anywhere in the world is easier than ever. People who live in Asia or Africa have the opportunity to follow politics, the economy, different cultures, information, technology, etc. via the internet.

On the other hand, it is important to note that depending on impact and location, globalisation can be viewed as either a positive or a negative phenomenon. Overall, international students see globalisation as an "opening of possibilities", which enhances their chance of receiving a good education and improving their future career prospects (Madhok and Raj, 2011), because it offers powerful scope to the higher education community to shape the future of their lives, communities and regions.

Perhaps the most extensive definition of globalisation is that provided by Andy Green. He describes globalisation as the rapid acceleration of cross-border movements of capital, goods, labour, services and information, which has intensified as a result of the liberalisation of trade, the development of technology and information, and improvements in transportation (Green, 2002). Therefore, it constitutes a massive and complex system facilitating the exchange of virtually all aspects of human societies.

### 3. ECONOMIC GLOBALISATION AND HIGHER EDUCATION

Higher education has become an important agent of global capitalism in recent years. The processes of globalisation have increasingly affected supply and demand in education and training. The higher education sector has been forced to evolve into a 'process of learning' because of the economic demands of global capitalism and breakthroughs in technology, teaching and learning. The digital and information technology age suggest that higher education institutions tend to be more learner-centred than faculty-centred organisations in this highly technologised global world. Furthermore, the rise of the knowledge economy and changing skill requirements in the labour market seem to be exacting changes in the higher education landscape. Thus, it is apparent that higher education systems in developing countries must rapidly develop if they are to integrate into the free market system, keep pace with the latest innovations and discover new knowledge.

The following subjects are emerging as a result of globalisation in educational processes and structures: 'distance education and open university', 'international standards and quality', 'global foreign language (English)', 'movement of foreign students from developed countries to Europe and America', 'privatisation and commercialisation of higher education' and 'student exchange programmes'.

#### 3.1. Student mobility and Student Exchange Programmes

Student mobility is not a new phenomenon for developed countries. Because of the globalisation process, contemporary student migration from third world countries to Western



universities has increased in recent decades (Bhandari and Blumenthal, 2009). According to a report by The Organisation for Economic Co-operation and Development (OECD), approximately 3.0 million tertiary students were enrolled on courses abroad in 2009. The majority of these students, more or less 2.5 million, studied in the OECD area, which consists of economically developed countries (OECD, 2009). The question, therefore, arises why international students favour American and other Western universities. Most educators and university students across the globe are aware of the significance of studying in an advanced country. Different scholars have argued that the reputation of Western universities, such as the university of Cambridge and Oxford, worldwide, combined with the quality and variety of academic programmes, and the economic and social development of these countries and the English language are primary reasons that draw international students to the core destinations (Yasar, 2011). It is undeniable that Western universities play a central and global role in most innovation, scientific development and technology. Moreover, they not only make a valuable contribution to science, but also to the economic growth and development of both their regions and the world.

It is also true that Western universities represent the only reasonable vehicle for higher education systems in most countries (Haigh, 2002). This is solely to respond faithfully to current demands imposed by globalisation, in particular the free market system (Jackson, 2003). Thus, global capitalism favours Western-style higher education systems in developing countries, in particular emerging economies. This forces traditional universities to reshape their policies, structures and strategies in order to compete on the global stage. Evolving the higher education sector thus plays a significant role in the transformation from the old system to one that is viable in the global economy. This raises questions about the impact of global capitalism on student mobility from developing to developed countries.

Economic globalisation has brought about a rapid increase in cross-border movement of goods, services, technology, and capital. It demands qualified human resources capable of meeting the needs of the global economy. The higher education sector is recognised as pivotal in providing good human capital, as it is responsible for training creative, inventive and innovative individuals. According to Norasmah Othman, university education has become increasingly important for the development of human capital due to global capitalism. He states that educated human resources are a pre-condition for competitiveness in the global economy (Othman, 2012). Human capital should be available alongside physical capital to allow faster economic growth and ensure an adequate response to the demands of global capitalism. For this reason, improving and expanding education is an essential ingredient of national and international development policies.

Secondly, emerging economies, such as China, Africa and India are offering a more valuable market for international companies. Foreign entrepreneurs require qualified workers and human capital to invest in, and foreign direct investment (FDI) in developing countries has increased gradually over the past three decades as a consequence of economic globalisation. This is evidence that developing countries are becoming more attractive (Velde, 2005). While FDI inflows into Europe showed a dramatic decline of 36.1% in 2011, inflows of FDI into Africa, and Latin America and the Caribbean increased by 5.5% and 7.2% respectively (UNCTAD, 2012). In view of this shift, skilled workers and human capital become essential for these emerging economies. As discussed above, a good education system that can integrate into the global economy is essential to the provision of human capital and,



therefore, a precondition of the borderless *world* market.

The notion that education contributes to economic performance encourages policy makers and universities to consider how best to design appropriate human capital to respond adequately the changing condition of economic globalisation. During the process of economic globalisation, education centres have become significant catalysts, enabling nations to compete in global markets and enhance their global economic competitiveness. Thus, policy makers and universities are allocating large budgets to skilled students in order to encourage them to study in economically and technologically advanced countries, in particular the United Kingdom and the United States, and so to attain maximum impact on economic growth and development (Velde, 2005). When international students study abroad, they generally become acquainted with the modern education systems of developed countries, the latest innovations in technology and science, and also learn to master the English language. Significantly, these international students play a role in importing Western education approaches or academic development into their own regions in order to build up more effective higher education systems that are then comparable to Western universities.

Turkey is a good example of how the state encourages and financially supports university students to study abroad. The Turkish government has enacted an increasing amount of legislation in the field of education for the last ten years. The most important one of them is that in 2005, it introduced a plan to send 5000 Turkish students over a period of 5 years to developed countries, in particular Canada, the UK and the US, for English language courses, Masters and PhD programmes. Sponsored students are required to return to Turkey in order to work at a Turkish university. The fundamental aim of this project is to educate potential university staff who will in turn provide future human capital. It is an effective way to shape the country's higher education system while also sponsoring Turkish students learning (Turkish Ministry of National Education, 2010). It can be predicted that this kind of project will add a global dimension to the higher education system of Turkey.

Lastly, exchange student programmes, such as the Erasmus Programme and the National Student Exchange, count as one of the best known forms of student mobility and Western countries are the most popular destinations for student exchange programmes. However, student migration does not only occur from economically developing to developed countries, but also happens in reverse. A study-abroad programme during the school years is one of the most effective ways to acquire transnational human capital and to promote development (Gerhard and Hans, 2013). Undoubtedly, such programmes give students a chance to exchange their values, cultures, traditions and ideas, and multiculturalism is one of the main features of Western universities. The globalisation of the economy has not only inspired student mobility among nations, but has also been responsible for the changing cultural representation of university education (Findlay, et al., 2012). Millions of students benefit from participation in exchange programmes or self-finance their studies abroad; however, for those students who have no access to such opportunities, open universities and distance education present viable alternatives.

### 3.2. Distance Education and Open Universities

Different scholars and institutions have struggled to define the concept of the Open University and distance learning (Olusola and Alaba, 2011). Open universities and distance learning mean that you study on your own, either at home or wherever suits you. They are a



global phenomenon reliant on advancements in the field of telecommunications and information and communication technology for growth. Globalisation is accelerating communication worldwide between people, cultures, communities and institutions. The main advantage of this process is the contraction of distance. Thus, globalisation implies that human beings are brought closer to each other as a result of modern transportation and telecommunication technology (for example, the so called 'smart phone' and the internet).

However, not every student has the economic capacity or opportunity to study abroad. Despite of the fact that student migration has risen, a majority of students continue to study in their own regions because of travel expenses, high tuition fees and maintenance costs. Distance learning and open universities are playing a key role in compensating for this gap as these educational methods provide opportunities for learners to access a foreign university (Dekkers, 2000). Distance learning has become an important component of the education system in developing countries, expanding the reach of educational opportunities to new groups of students.

### **3.3. The Common Language, 'English'**

As discussed above, global capitalism demands universities be globally competitive in different respects, especially with regard to human capital development. In analysing the contemporary education systems in developing countries, it is critical to review the effects of global capitalism in disseminating the English language and to consider how local or traditional universities in less developed countries compete with Western universities. Firstly, they need to speak the same language, as a shared linguistic foundation is a pre-requisite for global interaction.

Unlike a few decades ago, studying a foreign language, generally English, is nowadays compulsory for the majority of students as part of national school curriculums, since it is impossible to exchange knowledge between different nations and institutions in the absence of a common language (Baidac et al., 2008). In today's global world, the importance of English cannot be denied and ignored since English is the most common language spoken in most part of the world. It occupies a place at the very centre of the global knowledge and higher education system. It is accepted as the only global language of science, research and academic publication (Marginson and Wende, 2007), as knowledge in the academic world is conceived and discussed in English. This is one reason why universities increasingly place great importance on English even those in traditionally non-English-speaking nations.

On the other hand, English is one of the most-widely spoken languages in business and the professions. Given the economic role played by higher education institutions in the local, national and international arena, the English language is an essential tool in promoting global effectiveness and competition in both the higher education sector and the free market system. In many developing countries, such as China, India, Philippines and Singapore, it is increasingly used as the language of instruction in university programmes (Marginson and Wende, 2007). This is attributable to both academic concerns and the free market system, which requires foreign investors in developing countries share a language in common with the local population.

### **3.4. Privatisation and Commercialisation of Higher Education**

In terms of globalisation, the contemporary world has been in the process of a deep



social, political, cultural and economic transformation since at least the 1970s (Gerhard and Hans, 2013). In particular, neoliberalism has asserted itself as an increasingly dominant economic system since the 1980s, and with its principles of public sector privatisation of hospitals, electricity suppliers, banks and bridges, it has become the de facto ideology of globalisation (Steger and Roy, 2010). The privatisation of public institutions implies the adoption of market principles. The higher education system is one of the sectors most affected by economic globalisation. Global capitalism forces universities to market their educational services and reduce the role of the state in university matters.

In line with the growing influence of neoliberalism, higher education institutions are increasingly considered as commercial products to be imported and exported like any other commodity (Altbach, 2011 and Osborne, 2002). The privatisation and commercialisation of higher education institutions is a priority for the neoliberal economy and has led to greater financial independence, allowing the sector to operate privately in developing countries. A variety of policies are being implemented to respond to the globalised nature of the economy. The commercialisation of the higher education sector worldwide has also become a key concern for the World Trade Organisation (WTO) and the World Bank (Marginson and Wende, 2007).

The privatisation of universities has been widely discussed by scholars. Among them, Paul Zeleza criticises the commercialisation of higher education in Africa, arguing that globalisation is a project and process of neoliberalism (Zeleza, 2005). Westernised economic globalisation is intrinsically linked to neoliberalism. Similarly, the role of the state in financing education has been reduced significantly and university education in China, and Vietnam now tends to be privatised (Xu, 2005), suggesting that the privatisation of the higher education system is the most pernicious invisible effect of economic globalisation.

#### 4. CONCLUSION

This paper has focused on four main features in relation to economic and higher education systems in developing countries. Firstly, that global capitalism forces universities to provide human capital capable of responding to the demands of market systems, because traditional education systems cannot meet the needs of the globalised economy. Thus, more and more students have been driven to study in world-class universities, in particular the West. These students play a key role in importing Western education systems to less developed countries leading to the development of increasingly international curricula. However, students who do not have enough chance to study abroad tend to benefit from open university and distance learning.

Moreover, global capitalism requires that participants have a common language to trade with and invest in emerging economies, and universities are seen to be the only providers of English-speaking students. In African universities the number of English programmes has therefore increased. Lastly, neoliberalism has meant that the higher education sector has been influenced by the trend towards privatisation and has been forcibly marketised.

To sum up, economic globalisation has had a significant and direct impact, determining the quality and centrality of university and academic systems in developing countries over recent decades. This has produced many profound changes in the policy, strategy, structure



and perspective of higher education systems, prompting increasing competition among universities. Success in such competition can elevate a country's educational and technological profile. Since the closing decades of the last century, the higher education systems of developing countries have increasingly adopted a global perspective and there is every indication they will continue to be transformed in response to global capitalism.

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