

WEBA WORLD EDUCATION

International Student Recruitment Analysis and Review

Emerging Opportunities in 2016

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WEBA World's analysis of trends in international student recruitment and student global mobility identifies opportunities within developing and emerging markets. We have examined a number of sources of international student recruitment information, student mobility statistics and economic data and have summarised their observations in this review (please see citations at the end).

Table of Contents

International Student Recruitment Strategies in 2016.....	3
International Student Destinations in 2016.....	3
The Economic Situation of Emerging Markets in 2016.....	4
Emerging Markets for International Student Recruitment in 2016.....	4
Economic Perspective of Global Student Mobility in 2015.....	6
International Student Recruitment to USA.....	7
Global Flow of Tertiary-Level Students.....	8
Potential Impact of Brexit on International Student Recruitment.....	8
Bibliography.....	12

International Student Recruitment Strategies in 2016

While international student recruitment is a well-established process in the major markets there are good reasons to explore new marketing channels and geographic regional strategies. Intensifying global competition is driving diversification to new markets, and increased prospecting for **potential growth in emerging markets**. The added benefit of expanding the portfolio to emerging markets is to reduce dependency on (and thereby **reduce exposure to risk** from) major markets such as China and India where recruitment has proven to be volatile.

International Student Destinations in 2016

In 2016 UNESCO's Institute of Statistics report on global flow of tertiary level students showed that the number of students pursuing studies abroad continues to surge as higher education institutions around the world compete for high quality students. A recent trend is **growing competition for students from emerging regional destinations** that may offer more affordable and culturally-relevant programmes of study.

The rise in internationally mobile students reflects growing university enrolment around the world. In 2013, over 4.1 million students went abroad to study, up from 2 million in 2000, representing 1.8% of all tertiary enrolments or 2 in 100 students globally. Major international student destinations include US, UK, Germany, France, Canada and Australia. However, strong growth of international student recruitment was reported for New Zealand, Korea, the Netherlands, Greece, Spain, Italy and Ireland. More recently, several **Asian and Middle Eastern countries have begun to attract international students** with local government support and stated goals to become regional education centres by attracting hundreds of thousands of international students to their countries.

The **US, UK, China, Australia and Canada are the most popular** international student destinations. The US dominates with over 0.7 million in 2010-11. Students are attracted to apply for higher education in the US and UK due to university rankings, although recent improvements in the reputation of universities in Asia are changing the playing field. Two major external events during the first decade of the 21st century seriously impacted international student mobility: 9/11 and the recession of 2008. Following the 9/11 attacks the **US tightened student visa requirements** causing a major shift in student enrolment to Australia and the UK. Growth in Australia and the UK continued until the recession of 2008 revealed two elements of international student recruitment in these countries: (a) unmanageable **high proportion of international students** compared to home students and (b) **issues of quality of international students** raised by the use of aggressive recruitment practices.

According to the OECD, in 2009/10, international students represented 21.5% and 15.3% of higher education enrolment in Australia and the UK, compared to under 4% in the US. US student visas for Chinese students increased by 30 per cent between 2009 and 2010, placing China as the top country of origin for international students. Chinese students account for more than 18 percent of the total international students. China's economy continues to grow (even though the rate of growth is slowing) meaning that **more Chinese families can afford to pay.**

As demonstrated by the Chinese example, a **growing economy often corresponds with growth in educational spending.** The following sections summarise recent economic growth trends in emerging markets.

The Economic Situation of Emerging Markets in 2016

According to Bloomberg, more than \$50 billion was invested by foreign mutual funds in developing countries. *Bloomberg Market* magazine ranked the top 20 emerging economies, based on more than a dozen important foreign investment criteria. The analysis included the ease of doing business, the perceived level of corruption, and economic freedom. The **Asian nations led the pack, with several Latin American countries in close pursuit. A few African countries did surprisingly well, compared with a couple of EU members.** Asian countries : China (1st), South Korea (2nd), Thailand (3rd), Malaysia (6th), Turkey (7th), Russia (9th), Indonesia (10th), Philippines (20th); Latin American countries: Peru (4th), Chile (8th), Colombia (11th), Mexico (16th) and Brazil (17th); African countries: Namibia (13th), Zambia (14th), South Africa (15th), Morocco (19th); European countries: Czech Republic (5th), Poland (12th), Hungary (18th); appeared among the Bloomberg Top 20 rankings.

In a separate economic analysis, Forbes predicts that **Bangladesh, Ethiopia, Myanmar, Philippines, Vietnam and Indonesia** are growing rapidly and offering tremendous opportunities for investment and are emerging market opportunities set to steal the limelight from the so called BRICS economies (Brazil, Russia, India, China and South Africa).

Emerging Markets for International Student Recruitment in 2016

Many US schools, similar to UK, are experiencing an internationalisation issue where there is perceived **over-representation from some countries.** Headlines such as “The University of China at Illinois” have been appearing in education news media with increasing frequency. **Some schools have begun a diversification strategy to attract students from a broader base of countries** and regardless of their financial means, however many institutions do not place much importance on the diversity of their students. **Schools that are forward thinking realise that it takes time to cultivate these emerging markets.** Each market has idiosyncratic

complexities but the efforts are proving to be worthwhile for early movers. These efforts include **proactively identifying and cultivating a diverse portfolio of source countries**.

In 2015, WES/WENR identified several emerging markets for international student recruitment through 2018. The report addressed two main questions:

- What are the top four emerging markets for student recruitment to the US in the next three years (excluding known markets China, India, and South Korea), and why are they promising?
- What are the most effective strategies and practices for recruiting students to the US from these emerging markets?

The WES survey identified **Brazil, Vietnam, Indonesia, and Nigeria** as the top four emerging markets to watch over the next three years. These countries have all shown substantial increases in the number of students studying abroad, and stable economic growth during the previous five years.

1. Brazil - Brazil has been one of the most promising markets for international student recruitment for the past few years due to its large population, strong economy, and the effective Brazil Scientific Mobility Program (BSMP). According to IIE Open Doors data, Brazilian student numbers in the US grew by over 20% percent to over 13,000 in 2014. Recent leadership changes may have an impact on the BSMP programme and other economic factors.

2. Vietnam - Vietnam remains an important recruitment market, with significant increases in students going abroad over the past 13 years. In 2013/14, Vietnam ranked 8th among all sending countries with over 16,000 students in the US. The steady growth in both student numbers arriving from Vietnam and the country's economy growth gives it a positive outlook as a strong growth market. Vietnam's economic growth enables its growing middle class families to send their children to study abroad at a younger age. An increasing number of Vietnamese secondary-school graduates represents a significant recruitment channel for FE and HE institutions.

3. Indonesia - Indonesia is one of the world's most significant emerging economies. A 2012 report from McKinsey & Company notes that by 2030, Indonesia's economy is predicted to become the seventh biggest in the world. As with many developing countries, a growing economy corresponds with growth in educational spending, and similarly the number of Indonesian students has increased to China, Malaysia, and Japan, where education is less expensive and scholarships are available for some international students. From 2000 to 2012 Indonesian enrolment to the US was adversely affected by the Asian financial crisis in 2002 and student visa issues and has only recently begun to recover. In 2013/14, there were nearly 8,000 Indonesian students in the US, the highest number in ten years.

4. Nigeria - In 2014 Nigeria had the largest economy in Africa and continues to grow in the overseas study sector. Its booming economy provides a stable flow of Nigerian students with the UK and US being the number one and two destinations respectively. The most recent IIE Open Doors report shows Nigerian student enrolment to the US has increased more than 25 percent in the past five years. In 2013/14, there were close to 8,000 Nigerian students in the US.

In their 2015 report WES/WENR recommended that institutions should Diversify their Target Countries and Recruiting Practices: “To maximize institutional resources and achieve recruitment goals, institutions are encouraged to investigate the different segments of international students and to adopt a portfolio approach to recruiting.” The report recommended building a **portfolio of countries** from which to recruit to include **Brazil, Vietnam, Indonesia, and Nigeria**, in addition to the traditional markets. A more targeted approach can help institutions save time and effort when looking toward emerging markets allowing institutions to better understand students from emerging markets, reduce risk and maximize enrolment opportunities.

Economic Perspective of Global Student Mobility in 2015

According to WES/WENR (2015), international student driven **income grew by 12 percent** (from USD 24 billion in 2013 to USD 27 billion in 2014), driven by students from upper-middle-income economies and countries with large national scholarship programs. Global spending on educational products and services is projected to grow by nearly 50 percent reaching USD 6.2 trillion in 2017. Current growth in outbound student mobility from upper-middle-income countries including **China, Brazil, Mexico, and Turkey is outpacing growth** from both low- and high-income countries. WES/WENR revealed that Australia, Canada, and the UK are quick to grasp the impact of changing international student markets.

According to the Institute of International Education (IIE), **one third of all internationally mobile students across the globe study either in the US or the UK**. Despite the negative impact of the 2008 financial crisis, the total enrolment of international students in the US increased 42 percent from 2008 and 2014; while enrolments to the UK have dropped since 2012 due mainly to tightening student visa requirements. Australian enrolments have started to rebound after a significant decline that began in 2010, and Canadian enrolments continue a steady decade-long increase.

In the survey conducted by HSBC and Ipsos MORI in 2014 it was reported that **Canada was the most affordable study destination** among the big four English-speaking destination countries. At a cost of nearly US\$30,000 a year, Canadian tuition fees and living costs averaged 29 percent less than **Australia - the most expensive study destination**.

According to the latest IIE Open Doors data, enrolments from **China, India, and Saudi Arabia accounted for 81 percent of the 8 percent overall annual growth** of international students in the US between 2013 and 2014; however, the main sources of student funding from these countries varies significantly. According to WES' segmentation study, students from China are most likely to have the financial means to afford a US education. Saudi students also have high financial resources but they are more likely to be supported by government-funded scholarships, while Indian students are the most likely to rely on loans and institutional financial aid. **The implications are clear: strong consumer demand and partnerships with foreign governments and foreign universities are currently the main drivers of international enrolment growth in the United States.**

International students have become essential to the financial health of many institutions, but the impact goes beyond money spent on tuition fees and living expenses. For example, according to a NAFSA 2014 research report, **for every seven international students enrolled, three US jobs are created or supported**, and in the 2013/14 academic year international students created or supported a total of 340,000 jobs nationwide.

International Student Recruitment to USA

According to the IIE Project Atlas "Open Doors Report" in 2014, about 750,000 Chinese and 400,000 Indian students apply to overseas higher education institutions in the US, largely driven by rapidly increasing wealth. The number of Chinese students increased to 31 percent of all international students in the US - the highest concentration the top country of origin has had since IIE began producing the report in 1948. However, this may change since **demographic forecasts predict a decrease in students from China and Russia and an increase in students from India and Africa.**

The number of international students in tertiary (university or college) education is also rapidly increasing as higher education becomes an increasingly global venture. In 2014-15, **close to 1 million international students came to study in the US**, almost double that of 2005. The top 10 sources of international students to the US were: China (31.2%), India (13.6%), South Korea (6.5%), Saudi Arabia (6.1%), Canada (2.8%), Brazil (2.4%), Taiwan (2.2%), Japan (2.0%), Vietnam (1.9%), and Mexico (1.7%). The most sought after fields of study were: Business/Management, Engineering, Mathematics and Computer Sciences, Social Sciences, Physical and Life Sciences, Humanities, Fine and Applied Arts, Health Professions, Education, and Agriculture.

Global Flow of Tertiary-Level Students

In their 2016 UNESCO Institute of Statistics report on global flow of tertiary level students, they reported that the number of students pursuing studies abroad continues to surge. While traditional destination countries (e.g. US, UK, Australia, Canada) are still popular for students seeking high-quality education, a major development is growing competition for students from **emerging regional destinations offering lower cost courses**. In 2013, over 4.1 million students studied abroad, up from 2 million in 2000, representing 2 percent of all students globally. Three regions have relatively low outbound mobility ratios: South and West Asia, (1.0%), Latin America and the Caribbean (0.9%), and North America (0.5%).

The UNESCO report showed that in 2013, six destination countries received nearly half of all international students: US (19%), UK (10%), Australia (6%), France (6%), Germany (5%) and Russia (3%). But the top five also saw their share of international enrolment decline from 56% in 2000 to 50% in 2013. For example, Australia and Japan, **traditional Asia-Pacific destinations are being rivalled by new destinations** China, Malaysia, South Korea, Singapore and New Zealand, which hosted 7% of the global share of mobile students in 2013. In the Middle East region, Egypt, Saudi Arabia and UAE are also recruiting students from abroad with a combined total of 4% of global international students. Regional hubs not only attract a share of global mobile students but are becoming **favoured destinations for students within their respective regions**. Lower travel costs and culture similarities are part of the appeal. **Saudi Arabia and UAE (Dubai) now outpace UK in attracting students from the Arab States** and both have become the third most popular destination (followed by France, the United States) for students from the region.

Potential Impact of Brexit on International Student Recruitment

Both prior to and in the aftermath of the June 23rd 2016 referendum in which the UK voted to leave the European Union, educators around the world have **anticipated significant changes in the pattern of international student recruitment after Brexit**. The speculation has continued until the present date, the start of the 2016/2017 academic year for many, with numerous surveys giving potential clues as to what the future holds for international student recruitment to the UK, EU and the rest of the world. The Independent (July 31 2016) reported that the UK higher education sector faces a period of uncertainty after a survey by Hobsons (a student recruitment consultancy) showed that **30 percent of international students were less likely to study in Britain following the Brexit result**. Instead of UK, 32 percent of the 1,014 respondents chose Canada, 21 percent Germany, while 20 percent chose either America or Australia. Their **main concerns were potential financial impact in case of exchange rate volatility and possible tuition increase for EU students**. 83 per cent of the respondents were from outside the EU. Despite the concerns about British education

costs, 43 percent felt that if the pound became weaker against their home currency it would make a UK education more affordable. According to the Independent, the head of Inline Policy (a political consultancy) responded to the survey, saying that “With 125,000 non-UK EU nationals studying here, and 43,000 non-UK EU nationals working in higher education institutions, the issue of being able to attract and retain talent to work and study in universities is absolutely paramount.” He went on to say “The future direction and scale of involvement in **policies on the free movement of workers and other EU nationals, like students, will have a real impact** on funding, strategic positioning, economic performance, and the global reputation of UK higher education in the coming years.”

According to a confidential survey of the elite Russell Group universities carried out by the Guardian, some UK universities felt excluded from EU-funded projects. However, following the UK’s vote to leave EU, **university leaders from over 20 countries including Germany and France have signed a joint statement that highlighted the importance of international cooperation, collaboration and exchange.** In a separate report by the Government’s House of Commons Library Research Briefing on August 26th 2016, Universities are concerned about the impact of Brexit on students and research. **Brexit could mean the Government will not have to provide student loans or maintenance funding for EU students, which would save money.** But the loss of funding for EU students could have an impact on the numbers of EU students coming to study in the UK and this could have a negative impact on fee income for universities and on the cultural diversity of universities. However, Brexit could increase places for UK students and charging EU students higher fees could maintain or increase fee income if UK higher education continued to attract EU students. **The UK may lose access to EU research funding and movement of high calibre staff and researchers could be impacted, thereby detrimentally affecting research projects.**

Despite seventy-one-percent of young people (of those who voted) choosing to remain in the EU, these same people are now faced with a period of uncertainty regarding the higher education system’s relationship with Europe that may have serious implications for both current and prospective students. According to the Times Higher Education, a major concern for young people is the expense of attending a higher education institute, with 48 percent of students finding day-to-day finances a source of stress. **After completing their studies, many students will be left in debt and the financial implications are already a major concern for potential students. The effect of the Brexit vote will increase this concern for both UK and non-UK students alike,** with many European students wishing to study or already studying in UK alarmed about the financial implications that could arise due to their EU status. Wishing to allay concerns, the Student Loans Company (SLC) issued a statement that “EU nationals or their family members, currently in higher education and who are assessed as eligible will continue to receive loans and grants until they finish their course”. **However, it is possible that in future, EU students may have to pay international fees between £10,000 and**

£30,000 depending on their course to study in the UK. This is likely to deter many EU students from pursuing higher education in the UK.

For example, according to the Irish Times in Ireland, the head of the Higher Education Authority suggested that **many Irish students may opt to study in the Republic of Ireland due to the uncertainty over fees in regards to their immigration status. Unless an agreement is made between the UK and Ireland, Irish students would be subject to pay higher tuition fees as international students.** UK universities may lose income from EU programs, which may result in increased tuition fees for both EU and UK students in order to compensate. In July, **some English universities have already announced increases in tuition fees with Durham, Kent and Royal Holloway listing their fees for 2017 as £9,250 a year. This could deter many British students from attending university or alternatively to study outside UK in Ireland, mainland Europe, Canada, Australia or the US for better value.** Employment prospects are also subject to change. Britain's membership of the EU ensures its citizens are able to live and work anywhere within the 28 countries of the EU without the need for a visa. **The freedom of movement across the EU that could now be denied means that graduates would only have limited access to the European job market.**

One of the main advantages of being a member of the EU is the Erasmus+ programme which forges close partnership between UK and EU institutions. Erasmus+ enables students from any EU country to study either a semester or a year in any European university of their choice. **More than 200,000 students have already taken part in the Erasmus programme since 1987. The European Commission has confirmed that "EU law continues to apply to the full in the UK until the country is no longer a member."** The Erasmus scheme is likely to be unaffected until 2017 but its future or alternative collaborative programmes are yet to be decided.

Another issue affected by the Brexit vote will be the requirement for visas to study in EU for UK students and in UK for EU students. According to the Irish Times, the UK Council for International Student Affairs (UKCISA) stated that close to 11,000 Irish students are currently studying in the UK, while roughly 1000 from Northern Ireland and 1800 from Britain were studying in Ireland. **This tradition of travelling between the islands to study could cease,** with figures provided by the UKCISA showing that the number of Irish students going to study in the UK has lowered each academic year prior to the Brexit decision. **The number of Irish students going to UK for the upcoming academic year could fall dramatically as a result of Brexit, with many students choosing to stay in Ireland to study or looking to alternative destinations such as Australia and the USA.** However, despite the uncertainty, it is clear that for at least two years there will be no major changes of the status of both UK and Irish students. The strong relationship between the UK and Irish governments would suggest that the countries will be able to devise an agreement that will ensure students will maintain the same opportunities as before.

Student Mobility Statistics in 2014

Top 10 destinations (percentage of total mobile students in 2014) – Source UNESCO:

United States (19%)
United Kingdom (10%)
Australia (6%)
France (6%)
Germany (5%)
Russian Federation (3%)
Japan (3%)
Canada (3%)
China (2%)
Italy (2%)

Top 10 countries of origin of mobile students studying abroad (2014) - Source UNESCO:

China (712,157)
India (181,872)
Germany (119,123)
Republic of Korea (116,942)
France (84,059)
Saudi Arabia (73,548)
United States (60,292)
Malaysia (56,260)
Viet Nam (53,546)
Nigeria (52,066)

Regions that host the largest number of mobile students (2014) - Source UNESCO:

North America and Western Europe (57%)
East Asia and the Pacific (19%)
Central and Eastern Europe (10%)

Countries and territories that have more students studying abroad than at home:

Andorra, Bermuda, Luxembourg, Montserrat, San Marino, Seychelles

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