Foreign Study: Changing Patterns and Competitive Challenges

Philip G. Altbach

Philip G. Altbach is J. Donald Monan S.J. professor of higher education and director of the Center for International Higher Education at Boston College.

Foreign study is already big business internationally, but it has somehow either been ignored or written off as an intellectual enterprise rather than a potential “profit center.” Now, academic institutions, government agencies, private corporations, and even individual entrepreneurs are seeking to cash in on the growing trade in higher education. Our concern here is with one aspect of this trade—the flows of foreign students. Some 1.8 million students now study outside their own countries—with by far the largest number travelling from developing and middle-income countries to a small number of industrialized nations. Worldwide, most international students are self-supporting, paying university fees and their own living expenses. There is a considerable flux introduced into this marketplace as countries seek to maximize their advantages, increase their influence, and above all earn more money from the trade in degrees.

Ancillary industries have emerged around the edges of the flows of international students, seeking to serve specific market niches and to earn a profit as well: for example, recruiters, expedi ters, counselors, testers, credential evaluators, and a huge English-language industry.

Patterns of Financial Flows

International students are increasingly seen as income earners by the host countries. Worldwide financial cutbacks to higher education and a growing marketization of the universities make income generation an ever more important factor. Nonetheless, there are variations in policy. The English-speaking countries are without question at the forefront of looking at international education as an income earner. Some continental European countries still charge very low fees, or have no fees at all, and few charge non-EU students more than domestic students. This includes such major host countries as France and Germany, which rank as number three and four internationally (following the United States and the United Kingdom). Japan, which has come close to reaching its goal of hosting 100,000 international students, does not charge foreign students more than domestic students, although significant tuition is charged at both the public and private universities. Costs vary among high-fee Anglo-Saxon countries. American private universities are by far the world’s most expensive institutions, for both domestic and international students, although the high price is mitigated in some cases by scholarship assistance. U.S. public universities typically charge international students (and domestic out-of-state students) a higher tuition than in-state students are charged. The United Kingdom has a policy of charging non-EU international students the “full cost” of instruction, but fees are still less than in the United States. Fees in Australia and New Zealand are cheaper still.
Flows and Patterns

The overarching reality worldwide is that demand exceeds supply for higher education. In many developing countries a foreign degree has greater cachet than a local qualification. It is also true that in some countries local students unable to qualify for local institutions can gain admission to institutions overseas. For these reasons, overseas study continues to flourish.

While the numbers of students from industrialized countries going abroad is also increasing modestly, the dominant flow is from South to North. There was a 7.4 percent increase in the number of U.S. students studying abroad, and EU programs have boosted European numbers although not by as much as anticipated by planners.

Although U.S. international enrollments were widely expected to go down in the aftermath of the events of September 11, this does not appear to be the case. In 2001–2002, 582,996 international students were studying in the United States, up 6.4 percent from the previous year. India has replaced China as the largest sending country. Japan has also significantly increased its numbers of international students, with 95,500 as of May 2002, up 21 percent from a year earlier and close to the Ministry of Education’s goal of 100,000. Asia accounted for 92.8 percent, with most coming from China, Korea, and Taiwan. It can be said that Japanese enrollments have become regionalized rather than internationalized. U.K. numbers are also up, due in part to aggressive marketing overseas by British universities to attract high-fee-paying international students. The government has also supported an increase in non-EU international enrollments in order to increase revenues. Australia and New Zealand have also been marketing their universities and have successfully attracted more international students, mainly from Asian countries. Although international study in EU countries has increased due to major initiatives in recent years, the numbers have not grown as much as hoped by EU officials. A few countries have largely ceased to attract international students—the former Soviet Union was at one time a major host for international students, and Czechoslovakia and Romania were also destinations. Now, these countries attract few foreign students.

Future Prospects

For the immediate future, the numbers of international students will continue to increase, with some changes in destinations as well as in the sending countries. If U.S. visa restrictions become very onerous, it is possible that fewer students will choose to study in the United States. The overall attraction of the United States, however, seems certain to continue due to the perceived quality of American higher education, the attractions of American society, and the possibilities of the U.S. job market. With fiscal pressures on European universities increasing, it is questionable how long fees for non-EU students can be kept low. It is likely that aggressive marketing will continue to boost numbers for such countries as the United Kingdom, Australia, and New Zealand. Japan’s prospects for attracting students from beyond its immediate regional area are limited because of the difficulties of learning the Japanese language. Africa and Latin America, which at present send only modest numbers of students abroad, may play a greater role in the future, although economic difficulties will hinder dramatic growth.

The longer-term future is less clear. The impact of distance provision of academic degrees, “twinning” arrangements that will permit students from countries such as Malaysia and China to earn “overseas” degrees while remaining at home, the establishment of off-shore branches of European and American universities in Asia and elsewhere (Singapore, for example, is counting on such imports to permit expansion of local enrollments without major new expenditures), and other innovations may affect the international student mobility.

International initiatives in higher education are big business. These initiatives will continue to influence global academic development. What is less clear is exactly what direction change will take—and how the public good can be served in the new global higher education marketplace.

Corporate Universities and the Redefinition of a Medieval Brand

Scott Taylor

Scott Taylor is a lecturer in organizational behavior and international management and organization, at the Birmingham Business School, University of Birmingham, Birmingham B15 2TT, UK. E-mail: s.taylor.2@bham.ac.uk.

Recent debates on the nature of international higher education and the “pseudouniversity” are central to understanding a new managerial initiative, the corporate university. High-profile initiatives such as Motorola University in the United States, Barclays University in the United Kingdom, and the Shell Open University on mainland Europe are all examples of a significant innovation recognizable to both educational