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TRANSATIONAL HIGHER EDUCATION IN THE UNITED KINGDOM: AN UP-DATE

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KNOWLEDGE AND SKILLS FOR DEVELOPMENT

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**TRANSNATIONAL HIGHER EDUCATION**

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**ABSTRACT**

*This paper updates a review of offshore enrolments of foreign students at British universities which was undertaken in the mid-1990s. Two main conclusions can be drawn from this review update. First, the future prospects for transnational higher education (TNE) in the UK are quite uncertain. In particular, the growth of offshore overseas students has declined significantly during the last five years. And secondly, in the face of low financial returns to the bulk of TNE offshore courses coupled with other non-financial factors, UK universities are increasingly rationalising/consolidating their offshore provision. In particular, among those universities which are in a position to do so, more emphasis is being given to higher-return collaborative courses with overseas partners.*

# INTRODUCTION

Twenty years ago, I conducted the first comprehensive survey of transnational higher education in the United Kingdom (Bennell, 1998). This paper updates and extends this review. Given the burgeoning of the TNE literature since the late 1990s, it may seem surprising that such an up-date is necessary. However, all of the high profile overview reports that have been published since then are heavily descriptive and have been commissioned by public organisations most notably the British Council, Universities UK and the UK Department of Business, Innovation and Skills which actively promote UK ‘education exports’ and ‘transnational education’. As such, they are strongly advocacy-based and are particularly concerned to highlight the overall scale and ‘value’ of this new type of education provision for the higher education sector and the wider UK economy. More in-depth and unbiased analysis is, therefore, needed.

The paper is structured as follows. Section 2 describes the review methodology. Section 3 gives a brief contextual overview of the main trends in UK and non-UK enrolments at British universities since the late 1990s. Section 4 then presents an in-depth analysis of offshore provision. Section 5 considers, in the light of this analysis, what are the possible prospects for education internationalisation in the UK during the next decade.

1. REVIEW METHODOLOGY

The review combines primary data from a comprehensive survey of UK universities with secondary statistics mainly from the Higher Education Statistics Agency (HESA).

**2.1 HESA STATISTICS**

The Higher Education Statistics Agency (HESA) has collected basic data on UK university offshore provision since 2007/2008. As part of this ‘Aggregate Offshore Record’ (AOR), every UK university must provide (annually) overall offshore enrolment figures by type of TNE provision and qualification level for every overseas country where it has offshore students[[1]](#endnote-1). No AOR data is collected on the names/numbers, duration and ownership type of overseas partners, subject enrolments, student gender and revenues and expenditures.

HESA classifies offshore provision into the following main categories:

* Overseas branch campus (OBC) set up and wholly owned by a UK university (‘reporting provider’) and, as such, ‘it is seen as no different from any other campus of the provider’.
* Distance, flexible or distributed learning (DL) which ‘generally do not require the student to attend particular classes or events at particular times and particular locations’.
* Overseas collaborative/franchised provision which denotes provision ‘leading to an award of an awarding provider delivered and/or assessed through an arrangement with an overseas partner organisation’.
* Students studying for an award of a UK university who are not registered with this university i.e. they are studying for an award at an overseas education/training institution that has been validated by the UK university. The main difference between franchised and validated degrees is that, for the latter type of degrees, the overseas partner does not follow the curriculum of the UK university.

Concerns have been raised about the usefulness of these categories mainly because they do not adequately match-up with the offshore activity categories most commonly used by UK universities themselves. Specifically, most universities sub-divide their overseas partnerships according to the following activities: franchise, validation, collaborative, joint venture, flying faculty, and articulation/progression/advanced standing. However, with some exceptions, the total numbers of students appear to be accurately reported to HESA at both the individual university and country level.

As part of this review, bespoke requests were made to HESA for the full AOR data set for every year since 2007/08 as well as information (from the Individual Student Record) on the numbers of onshore overseas students enrolled full time at each UK university including students enrolled as part of articulation/ progression/advanced arrangements with overseas partners.

## 2.2 UNIVERSITY SURVEYS

The original offshore provision survey in 1996-97 voluntarily requested information in the form of a one-page questionnaire from every university in the UK on the names of all overseas partnerships, start dates, ownership type and enrolments. Respondents were assured of total anonymity. Including information from two other partial surveys that were undertaken at this time, this basic information on offshore provision was obtained from 109 out of total of 124 universities (88%).

Ideally, the follow-up 2018 Survey would have requested, again on a voluntary and anonymous basis, the same information on offshore provision as the 1996 Survey. However, virtually all universities in the UK are no longer prepared to provide information on this basis. Instead, all information requests are now formally dealt with under the Freedom of Information Acts (FOIA) for England, Wales and Northern Ireland and Scotland. In addition, the increased commercialisation of university activities in the UK during the last 20 years has transformed the attitudes and practices of most universities with respect to the disclosure of information on a whole range of activities which is deemed to be ‘commercially sensitive’.

In view of this new information collection/research environment, a more pragmatic and limited approach had to be adopted for this review. Only two types of information were requested from each university included in the survey (see below): (i) total revenues and expenditures for the three main types of offshore provision, franchised/validated courses, distance learning and overseas branch campuses in 2007/08 and 2015/16; and (ii) for each of the three countries with the highest numbers of offshore students, the total numbers of undergraduate and postgraduate students enrolled and completing courses in 2015/16.

The 2018 Survey excluded the 35 ‘higher education providers’ with less than 5,000 students in 2015/16 because they have very little offshore provision (a total of only 5,600 students in this year). Another issue is that the 18 constituent schools, colleges and institutes of the University of London (UoL) are not all separately recorded in the HESA Aggregate Offshore Record. For example, the London School of Economics has nearly 18,000 overseas distance learning (ODL) students but it does not make a separate AOR return. These students are managed centrally by UoL’s dedicated distance learning organisation, London International, and reported to HESA as ‘University of London (Institutes and activities)’. For this reason, all offshore UoL institutional enrolment data has been aggregated as the ‘University of London’. This reduces the survey size to 113 universities.

The overall survey response rate was 70%. The sample of universities is broadly representative of the university population as a whole with respect to both onshore and offshore student enrolments.

**2.3 OTHER ISSUES**

**2.3.1 The Oxford Brookes University accountancy degree**

This update excludes offshore students registered for the Oxford Brookes accountancy degree. An arrangement with the UK Association of Certified Chartered Accountants (ACCA) began in 2008 with all ACCA students worldwide being automatically registered for the Oxford Brookes degree. Numbers have grown exponentially since then. In 2015/16, enrolments were 315,000 which amounted to 45% of total UK university offshore provision. However, while precise figures are not available, at any one time, only a relatively very small number of ACCA students are actively studying for the OBU accountancy degree. The 2014 report by the Department of Business, Industry and Skills on the overall value of UK university offshore provision estimated that less than 2% of enrolments in 2013/13 were active.

**2.1.3 University categorisation**

UK universities have been categorised according to the following four historical groups: ancient (established pre-1800), redbrick (1800-1945), plate-glass (1946-1991) and ex-polytechnics and teacher training colleges (post-1991). While there are other university categorisations (Russell, Alliance etc.), this simple fourfold grouping is the most appropriate for the purposes of this review.

# ENROLMENTS AT UK UNIVERSITIES: AN OVERVIEW

# 3.1 ENROLMENT TRENDS

Figure 1 summarises British (UK domicile) and overseas student (both onshore and offshore) enrolments at UK universities between 1996/97 and 2016/17.

**3.1.1 UK students**

Enrolments of UK domiciled students rose steadily from 1.6 million 1996 to a peak of 2.1 million during 2009-11 but then, largely as the result of the hike in UK annual tuition fees from £3,000 to £9,000 in 2011/12, fell back to 1.9 million in 2016/17 (a decline of 10.2%). Even so, the overall price elasticity of demand for university education is very low at 0.05 (a 200% fee increase divided by a 10% fall in enrolments after four years). Total UK student fee income has, therefore, increased almost threefold to around £17bn but, at the same time, government-funded teaching and research grants have been seriously reduced.[[2]](#footnote-1)

**3.1.2 Onshore overseas students**

Onshore overseas student enrolments at UK universities have doubled in the last 20 years – from 198,000 in 1996/7 to 443,000 in 2016/17. Slightly more than 80% of this increase is accounted for by non-EU overseas students. Despite continued concerted efforts to increase overseas student enrolments, the overall numbers of both EU and non-EU students have remained fairly constant since 2010/11. EU students pay the same tuition fees as UK students so demand for UK university education among European students has also been almost totally price inelastic. Tuition fees for both undergraduate and postgraduate non-EU onshore students have also increased appreciably.[[3]](#footnote-2) With little likelihood of significant reductions in these high levels of tuition fees coupled with rapidly intensifying foreign competition for onshore overseas students and the likely fallout from BREXIT, the number of onshore overseas university students in the UK is unlikely to increase appreciably in the next decade.

**3.1.3 Offshore overseas students**

During the last 30 years, offshore overseas student enrolments have grown impressively - from an estimated 50,000 in the mid- 1980s (almost all of which were distance learners) to an estimated 140,000 in 1996-97 to 404,000 in 2016/17, a six-fold increase. Rapid growth from the late 1980s-early 1990s was largely driven by the profit-seeking, entrepreneurial flair of the ex-polytechnic universities many of which were keen to seek out new market opportunities both domestically and overseas. However, largely as a result of wider UK university concerns about reputational damage due to low quality provision among overseas franchise and validation partners, offshore enrolments stagnated from the late 1990s; they increased by barely 4% between 2002 and 2007.

No robust research has been undertaken on the reasons for the surge in offshore provision that occurred after 2008 but a key factor is likely to be the increasing pace of commercialisation in the university sector in the UK which, as noted above, has been driven by the privatisation of university funding, particularly since 2010. Assuming this to be the case, it has been argued (particularly by Nigel Healey) that the internationalisation of higher education should, therefore, be viewed primarily as an essentially short-term, pragmatic/opportunistic response by a certain segment of British universities to (poorly conceived) government policy. This is in marked contrast to the mainstream view of Universities UK, the British Council and others (including most academic commentators) that higher education internationalisation is largely explicable in terms of a much wider, longer-term and irreversible globalisation process of higher education provision worldwide whose scope and forms are likely to evolve in a similar manner to the earlier emergence of multinational corporations and the globalisation of the production of goods and services as a whole (see Healey, 2013).

Whereas offshore student enrolment among UK universities grew by 72% between 2007/08 and 2012/13, it increased by little more than 10% between 2013/14 and 2016/17. The possible reasons for this marked slowdown in offshore enrolment growth will be discussed in greater depth later in this paper. However, it would appear to provide some prima facie support for, what we shall term, the Healey Hypothesis. It also seems significant that offshore enrolments at Australian universities (which are UK universities main competitor for offshore students) not only slowed down as dramatically as in the UK during the same period, but they declined for the first time in 2016/17.

## 3.2 ENROLMENT SHARES

The overall enrolment share of onshore and offshore overseas students has almost doubled during the last 20 years - from 17% in 1996/97 to 31% in 2016/17 (see figure 2). With foreign students comprising almost one-third of all students studying for UK university degrees, this would appear to be a significant level of internationalisation of education provision.

Whereas onshore and offshore enrolment shares accounted for 10% and 7% of all students enrolled on university courses in 1996/97, this had narrowed to 16% and 15% respectively in 2016/17.

# OFFSHORE OVERSEAS STUDENTS

The first part of this section summarises the main features of UK offshore higher education provision and the major changes that have occurred in the scale and other characteristics of this provision since the mid-1990s. The remaining sub-sections analyse in greater detail the three main forms of offshore provision namely franchise/validation/articulation (FVA) partnership arrangements with overseas organisations, overseas branch campuses, and overseas distance learning.

## 4.1 OVERVIEW

**4.1.1 Historical evolution**

No in-depth research has been undertaken on the reasons for the emergence of non-traditional offshore provision in the mid-late 1980s. According to the 1996 Survey, 17 higher education institutions in the UK had established a total of 32 overseas partnerships between 1985 and 1990. Offshore enrolments increased rapidly from the early 1990s so that, by 1996, over 80 UK universities were involved in some form of offshore provision. Much of this growth was driven by the increased involvement of the ex-polytechnics which were upgraded to universities in 1992. The assertion by Healey that the advent of course franchising was the direct result of the 1998 Asian crisis and the rapid decline in Malaysian students studying in the UK is, therefore, not true. While the aftermath of the Asian Crisis certainly helped to drive the growth of FVA enrolments during the next decade, these forms of higher education provision were already well established by then.

**4.1.2 Student characteristics**

HESA’s Aggregate Offshore Record does not collect information at the individual student level[[4]](#footnote-3) so virtually nothing is known about the overall profile of offshore students and, in particular, their nationality, gender, socio-economic, occupational, and educational backgrounds. However, given the relatively high costs of offshore courses, students are likely to be from predominantly well-off families. Also, given that, in most countries, studying at national, public universities continues to be the preferred option for most school leavers (for both status and cost reasons), students opting for UK offshore courses are likely not to have achieved the examination grades necessary to gain admittance to a high status public university.

**4.1.3 Forms of provision**

The only reliable and comprehensive time-series data on the forms of offshore provision is the HESA Aggregate Offshore Record and only since 2007/08. Total enrolments for each form of offshore provision up to 2016/17 are presented in Figure 3. Table 1 provides more detailed information on the extent of university involvement with respect to each of the four main types of provision.

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| **Table 1: Offshore enrolments by provision type, 2007/08 and 2015/16 (rounded '000 and %)** | | | | | | | | |
|  | **FVA – UK degree** | | **FVA – Partner degree** | | **Distance learning** | | **Branch Campus** | |
| **Year** | **Number** | **%** | **Number** | **%** | **Number** | **%** | **Number** | **%** |
| **2007/08** | 60 | 31 | 30 | 15 | 100 | 51 | 8 | 4 |
| **2015/16** | 139 | 38 | 102 | 26 | 114 | 29 | 26 | 7 |

The most noticeable trends are as follows:

**4.1.4 Overseas distance learning**: Despite the high expectations surrounding the emergence of new on-line virtual learning and other IT-related learning technologies in promoting distance learning throughout the world, overseas distance learning enrolments at UK universities increased only very slightly from 100,000 in 2007/08 to 121,000 in 2012/13 and, since then, they have declined to 117,000 in 2016/17. The overall share of ODL enrolments in total offshore provision fell from 51% in 2007/08 to just 29% in 2015/16. ODL is the ‘predominant’ form of offshore provision at only 20% of UK universities but 40% of universities had no ODL involvement whatsoever in 2015/16 (see tables NN).

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table 2: Offshore provision by level of involvement and type of provision (rounded %)** | | | | |  |  | |  |  |  |
| **Level** | **Overseas partner - UK degree** | | **Overseas partner - partner degree** | | | **Overseas distance learning** | | | **Overseas branch campus** | |
| **Involvement** | **Number universities** | **% total** | **Number universities** | **% total** | | **Number universities** | **% total** | | **Number universities** | **% total** |
| **Predominant** | 37 | 34 | 11 | 10 | | 22 | 20 | | 4 | 4 |
| **Some** | 23 | 21 | 5 | 5 | | 44 | 40 | | 12 | 9 |
| **None** | 50 | 45 | 94 | 85 | | 44 | 40 | | 95 | 86 |
| **Notes: Predominant involvement is when more than 75% of a university's total offshore enrolments are accounted for this type of provision** | | | | | | |  | |  |  |

**4.1.5 Franchised, validation and articulation (FVA) provision**

Offshore franchised course provision (including collaborative courses) has increased appreciably and at a steady rate from 60,000 in 2007/08 to 146,000 students in 2016/17. Up to 2011/12, validated course enrolments grew even more rapidly but have barely increased since then. Franchised provision was the predominant form of offshore involvement for around one-third of UK universities in 2015/16 compared to only 10% for validated course provision. In 2015/16, 85% of UK universities had no involvement whatsoever with validated course provision.

The two reasons for what appears to be a sizeable switch from validated to franchised and ‘collaborative partner’ course provision are greater control over course delivery with the often high reputational risks associated with (arms-length) validated courses, higher university profile/branding opportunities and higher financial returns, especially for collaborative partnerships (see sections 7 and 8).

HESA does not collect information on collaborative and joint venture course provision but it appears to have increased appreciably during the last five years. This is particularly among ancient universities in Scotland (Edinburgh, Glasgow, St. Andrews) and red brick universities more generally which, as part of their ‘global engagement’ strategies, are keen to establish a ‘presence’ in major emerging countries, and especially China. Overseas public (but not private) universities are equally keen to partner with high status UK and other foreign universities in this way. The primary motivation on both sides is invariably not purely financial. UK universities are particularly interested in developing major joint research programmes and student-staff exchange relationships with their collaborative partners which are not possible with more narrowly focused commercial course partnerships with private, for-profit organisations. Collaborative partnerships tend to rely quite heavily on fly-in-faculty from the UK to deliver overseas courses.

There is a strong negative correlation between the rank of university and its degree of involvement with FVA offshore provision. The generally lower ranked ex-polytechnics comprise almost all universities with FVA enrolments of greater than 3,000 students. Conversely, the majority of the major ODL providers are higher ranked ‘red brick’ universities most notably Hull, London, Liverpool, Manchester and Reading.

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| --- | --- | --- | --- | --- |
| **Table 3: Universities with more than 3,000 enrolments for any one type of offshore provision, 2015/16 (rounded '000)** | | | | |
| **FVA - UK degree** | **FVA - partner degree** | **Overseas distance learning** | **Overseas branch campus** |  |
| Staffordshire (18) | Open University (22) | London (47) | Nottingham (12) |  |
| Greenwich (17) | Coventry (13) | Open University (9) | Heriot Watt (5) |  |
| Cardiff Metropolitan (7) | Wales (8 ) | Liverpool (8) | Middlesex (4) |  |
| West of England (6) | Liverpool (8) | Leicester (5) | West Scotland (6) |  |
| Northumbria (5) | Kingston (8) | Manchester (4) |  |  |
| Edinburgh Napier (5) | Sunderland (7) | Heriot-Watt (4) |  |  |
| Bedfordshire (5) | Heriot-Watt (6) |  |  |  |
| Hertfordshire (5) | Middlesex (7) |  |  |  |
| Westminster (4) | East London (5) |  |  |  |
| Wolverhampton (4) |  |  |  |  |
| Roehampton (4) |  |  |  |  |
| Anglia Ruskin (4) |  |  |  |  |
| London (4) |  |  |  |  |
| Derby (3) |  |  |  |  |
| London Metropolitan (3) |  |  |  |  |

**4.1.6 Articulation and progression**

Articulation and progression courses enable foreign students to enrol for the first one or two years of a UK university degree at an overseas partner and then complete their degree in the UK. These articulation arrangements grew rapidly in the 1990s when, especially in the aftermath of the 1998 Asian financial crisis, the Malaysian government could no longer afford to send what were very large numbers of students to study fulltime at UK universities. Mainly private Malaysian universities stepped in and managed to negotiate articulation agreements with British universities, especially those which had become heavily reliant on Malaysian overseas students.

Information on overseas students studying in the UK as part of articulation and progression arrangements has been included in the HESA Individual Student Record since 2011/12. However, for reasons that are not clearly clear, the total reported numbers of articulation students of around 2,700 in 2013/14 and 2016/17 appear to be serious underestimates with many universities providing nil returns. As part of this study, therefore, all universities were requested (under the Freedom of Information Act) to furnish this information. Adjusting for the 13 universities who refused (for commercial reasons) or could not provide this information as well as the 34 universities which did not respond at all (despite being legally required to do so), the total number of non-EU overseas articulation students in the UK was in the region of 22,000 in 2016/17. Although this is only 7% of onshore non-EU overseas students in the UK and 8% of non-EU offshore students (excluding distance learners), as will be discussed in section 7, the financial returns from this group of students are highly significant[[5]](#footnote-4). Many universities see articulation arrangements as enabling them to improve the quality of overseas students coming to the UK.

Articulation overseas students accounted for more than one-quarter of all onshore overseas students at 15% of the responding universities. One-fifth of universities reported no articulation students. As noted earlier, there are relatively high numbers of articulation students from overseas branch campuses. Over 40% of articulation students are from China.

**4.1.7 Overseas branch campuses**

Again, despite the very considerable academic and media attention given to the establishment of overseas branch campuses by UK and other universities, HESA data shows only very modest growth during this period with OBC enrolment at UK universities accounting for just 7% of total offshore provision in 2016/17. OBC was the ‘predominant’ form of offshore provision at only three UK universities (see table 2).

## 4.2 ENROLMENTS

**4.2.1 Enrolment distribution**

Twenty-oneUK universities had more than 5,000 offshore students in 2015/16 (see table 4). Between them, these universities accounted for almost three-quarters of all offshore enrolments. Slightly more than one-third of universities had ‘medium-sized’ offshore enrolments of 1,000-5,000 students which, in total, amounted to one-quarter of all offshore enrolments. The remaining 43% of universities with less than 1,000 offshore students (categorised as ‘small’ with 200-999 enrolments and ‘very small’ with 1-199 enrolments) accounted for barely two percent of total offshore enrolments. Only a handful of universities had no offshore students whatsoever.

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| --- | --- | --- | --- | --- | --- | --- |
| **Table 4: Share of offshore enrolments by enrolment size category, 2007/08 and 2015/16** | | | | | | |
| **Offshore** | **Offshore** | **1996/97** | | **2015/16** | |  |
| **size category** | **Enrolment** | **% universities** | **% enrol** | **% universities** | **% enrol** |  |
| **Very large** | 10,000> | 4 | 42 | 8 | 47 |  |
| **Large** | 5,000-9,999 | 5 | 18 | 12 | 25 |  |
| **Medium** | 1,000-4,999 | 24 | 31 | 38 | 26 |  |
| **Small** | 200-999 | 34 | 8 | 32 | 2 |  |
| **Very small** | 1-199 | 32 | 2 | 11 | 0 |  |

Nearly 60% of the universities with ‘very large’ and ‘large’ offshore enrolments and 70% with ‘medium’ enrolments are ex-polytechnics. In overall terms, the ex-polytechnics account for half of all offshore enrolments but only 21% of total UK enrolments. The shares of the red brick and plate glass universities in offshore enrolments are roughly in line with their overall shares of UK student enrolments.

**4.2.2 Enrolment trends**

Since the mid-1990s, the percentage of universities with ‘very large’ and ‘large’ offshore enrolments has increased appreciably from 6% to 18% and from 14% to 36% for universities with ‘medium’ sized enrolments. By contrast, the percentage of universities with zero enrolments has declined very considerably from 25% in 1996 to just 3% in 2015/16 and from 54% to 42% with respect to the ‘small’ and ‘very small’ enrolment categories. The overall enrolment shares of the universities with ‘very large’ and ‘large’ offshore enrolment increased from 60% to 72% while the enrolment share of universities with medium, small and very small offshore enrolments all fell.

Among the 94 universities that had some involvement in offshore provision in 2007/08, offshore enrolments increased by over 50% at 60 universities between 2007/08 and 2015/16. Another 13 universities had offshore enrolment increases of less than 50%. Offshore enrolments declined at the remaining 21 universities. The large majority of the 21 universities with ‘very large’ and ‘large’ offshore enrolments registered particularly large enrolment increases during this 10 year period (see table 5). Perhaps the most noticeable are the six universities which had fewer than 1,000 offshore students in 2008 (Liverpool, Coventry, Lancaster, Cardiff Metropolitan, West of England and Roehampton). Four universities recorded particularly large declines in offshore enrolments - University of Wales (central functions), Leicester, West London (formerly Thames Valley University) and Bradford.

Offshore enrolments during this 10 year period doubled at red brick and ex-polytechnic universities, but only increased by 44% at the plate glass universities. They fell by over one-third at the seven ‘ancient’ universities.

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| **Table 5: Change in the share of offshore student enrolments as a percentage of total UK domicile enrolments, 2007/08-2015/16** | | | | | | |  | | | |
| **Universities** | **neg >10%** | **neg 0.1-99%** | **0-4.99%** | **5.0-9.99%** | **10.0-19.99%** | **20.0-29.99** | **30.0-39.99%** | **40.0-49.99%** | **> 50%** |  |
| **Number** | 5 | 20 | 37 | 13 | 20 | 3 | 4 | 2 | 7 |  |
| **%** | 5 | 18 | 34 | 12 | 18 | 3 | 4 | 2 | 6 |  |

**4.2.3 Country profile**

Globally, the geographical scope of internationalisation of UK university offshore provision remains quite limited. Over one-third of enrolments are concentrated in the four countries/jurisdictions which have over 20,000 UK offshore students, namely China, Hong Kong, Malaysia and Singapore (CHMS), 57% in the nine countries with over 10,000 students, and 75% in the 20 countries with over 5,000 students (see table 17 and 18). Nine of these 20 countries are in the Middle East (5), South-East Asia (4) and South Asia (4) and only four in Europe, two in North America and the Caribbean and just one in sub-Saharan Africa. Hong Kong, Singapore and UAE are city states, and Ireland and Trinidad and Tobago are demographically small islands.

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table 6: Country enrolment distribution of offshore enrolments by size category (rounded '000 and %)** | | | | | | | | |
|  | **2007/08** | | | **2015/16** | | |  |  |
| **Students** | **Countries** | **Enrolments** | **% total** | **Countries** | **Enrolments** | **% total** |  |  |
| **20,000>** | 0 | 0 | 0 | 4 | 140 | 36 |  |  |
| **10,000-19,999** | 4 | 73 | 37 | 5 | 83 | 21 |  |  |
| **5,000-9,999** | 6 | 48 | 25 | 11 | 67 | 17 |  |  |
| **2,500-4,999** | 7 | 30 | 15 | 10 | 34 | 9 |  |  |
| **1,000-2,499** | 15 | 24 | 12 | 20 | 36 | 9 |  |  |
| **500-999** | 8 | 7 | 4 | 17 | 12 | 3 |  |  |
| **1-499** | 155 | 13 | 7 | 61 | 15 | 4 |  |  |

At slightly more than one-third of UK universities, over one-half of their offshore (FVA) enrolments are in just one country. These universities account for 45% of total offshore enrolments. Around 20% of universities (accounting for 36% of total offshore students) are equally reliant on enrolments in CHMS.

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| --- | --- | --- | --- |
| **Table 7: Countries with more than 2,000 offshore students, 2015/16 (rounded ‘000 in brackets)** | | | |
| **Region** | **2,000-4,999** | **5,000-9,999** | **10,000>** |
| Western Europe | Spain (3) | Germany (6) | Greece (14) |
|  | Cyprus (4) | Ireland (5) |  |
|  |  | Switzerland (6) |  |
| Eastern Europe | Russia (3) |  |  |
| Americas |  | United States (5)  Canada (5) |  |
|  |  | Trinidad (7) |  |
| Africa | Botswana (2) | Nigeria (7) |  |
|  | Ghana (4) |  |  |
|  | Mauritius (3) |  |  |
|  | South Africa (4) |  |  |
| Middle East | Lebanon (3) | Kuwait (7) | Egypt (19) |
|  |  | Saudi Arabia (8) | Oman (19) |
|  |  |  | UAE (13) |
| South & Central Asia | Bangladesh (2) | India (9) | Sri Lanka (18) |
|  | Uzbekistan (4) | Nepal (2) |  |
|  |  | Pakistan (7) |  |
| East and South East Asia | Vietnam (3) |  | China (28) |
|  |  |  | Hong Kong (25) |
|  |  |  | Malaysia (55) |
|  |  |  | Singapore (31) |
|  | |  |  |

The largest increases in offshore enrolments during the last decade have, in absolute terms, been in Malaysia, China, Hong Kong, Egypt, Sri Lanka, and Oman. Percentage growth exceeded 500% in Botswana, Lebanon, Qatar, Saudi Arabia, Nepal, Sri Lanka, Uzbekistan and Vietnam. Enrolments have declined appreciably in Israel, Ireland, Romania, Russia, Spain and Trinidad and Tobago.

Among those UK universities with FVA courses with overseas partners in 2015/16, nearly 40% were involved in just one or two countries, another quarter in 3-5 countries, and 37% in more than five countries.

**4.2.4 Regional profile**

Shifts in the regional breakdown of offshore provision have been marked during the last 20 years (see figure 4). The most noticeable of these are:

* A significant decline in the share of offshore students in Western Europe. This is probably due to the increase in students from these students studying onshore in the UK coupled with a growing disinclination of European public universities to enter into commercial partnerships with overseas universities.
* The collapse of offshore enrolments in Eastern Europe. Much of this can be attributed to the admittance of the nine former Eastern Bloc countries into the EU which resulted in a surge of students from these countries studying in the UK. Visa problems are a major issue in Russia.
* The continued relative insignificance of offshore enrolments in the Americas and Oceania and sub-Saharan Africa. Language remains the main constraint in South America. The relatively high costs of offshore courses means that demand for these courses in low-income developing countries in Africa and elsewhere will remain limited.

* The Middle East has become the second largest regional market for offshore courses driven mainly by the development of regional education hubs in the UAE and the demand for higher education from non-indigenous populations who are excluded from public education provision. Mega enrolment offshore courses at two universities have been the main reason for rapid enrolment growth in Egypt.
* Enrolments have grown rapidly in South and Central Asia especially India, Nepal, Pakistan, Sri Lanka and Uzbekistan which has resulted in an appreciable increase in its regional enrolment share - from just 2% in 1996 to 11% in 2015/16.
* East and South-East Asia remains the dominant region although its share has fallen quite significantly since the mid-1990s.

## 4.3 PARTNER PROFILE

**4.3.1 Ownership**

In 1996/97, around three-quarters of overseas partners in Africa, the Middle East and Asia and around half in Europe were privately owned. HESA does not collect any information on overseas partners. However, this ownership profile is unlikely to have changed markedly over the last 20 years. This is principally because while private higher education providers have strong incentives to partner with UK and other foreign universities, public universities in most overseas countries generally do not. There are three main incentives for private providers. Firstly, they do not have commit resources to developing their own qualifications. Secondly, it avoids what can be a very long and contorted process of getting their own degrees accredited by the relevant national accreditation body. And thirdly, it improves their competitiveness vis-à-vis public universities (which usually only offer local qualifications) since their qualifications are delivered in English and are internationally recognised which can significantly improve the marketability of graduates, not just locally but also overseas. By partnering with private commercial organisations, UK universities avoid getting involved in the political and bureaucratic challenges of working with public universities in many countries. By contrast, most public universities enjoy high status and usually have assured intakes of the best performing school leavers. They are generally very protective of their own nationally accredited qualifications which they rate highly against foreign qualifications especially with respect to local language delivery and curriculum relevance. Public university education is also heavily subsidised so universities have little incentive to get involved in institutional-level income generation activities. And, in many countries, public universities are forbidden from entering into commercial partnerships with third parties. The major exception is in China where the government has embarked on an ambitious strategy to develop 50 ‘world class’ public universities by entering to joint venture partnerships with high status foreign universities.

As private sector institutions, profit-maximisation is the primary objective of overseas offshore partners which is in marked contrast to most of their UK university partners who tend to be primarily motivated by maximising student enrolments and thus partnership revenue (see section 7). Moreover, most have little or no interest and capacity to undertake high-quality academic research. Consequently, for most of the higher status, strongly research-oriented UK universities, there is little incentive to partner with these types of organisations.

**4.3.2 Number of partners**

The main source of secondary information on university overseas partners is the Collaborative Partnership Register which all universities are obliged (by the Quality Assurance Agency) to keep. A total of 100 Registers could be scrutinised. 55% universities with 10 or less partners accounted for just 17% of the 1,395 listed partnerships while the 12 universities with more than 30 overseas partnerships had 612 listed partnerships, 44% of the total (see table 8).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Table 8: Overseas partners listed in university Overseas Collaborative** | | | | | |
| **Partnership Registers, 2018 (rounded %)** | | | |  |  |
| **Number** | **Number** | **Total** | **%** | **%** |  |
| **partners** | **Universities** | **partners** | **universities** | **Partners** |  |
| **1 to 5** | 38 | 108 | 38 | 8 |  |
| **6 to 10** | 17 | 129 | 17 | 9 |  |
| **11 to 15** | 17 | 198 | 17 | 14 |  |
| **16 to 20** | 7 | 122 | 7 | 9 |  |
| **21 to 30** | 9 | 226 | 9 | 16 |  |
| **30>** | 12 | 612 | 12 | 44 |  |

**4.3.3 Partner enrolment size**

In the mid-1990s, enrolments at overseas partner institutions were generally small (less than 100 students) and only 26 partnerships out of a total of 445 recorded had more than 500 students. By 2015/16, around 65 large overseas partnerships with more than 500 students accounted for almost two-thirds of total FVA enrolments - 157,000 out of 240,000 and the overall percentage of very small partnerships (with less than 50 students) declined from 67% in 1996/97 to around 20%. Not only, therefore, are FVA offshore enrolments heavily concentrated among a relatively small group of UK universities, but relatively large overseas partners are themselves becoming increasingly dominant players. The majority of these organisations, especially in the longer established FVA offshore countries of Hong Kong, Malaysia and Singapore, have (i) a relatively long history of dealing with UK and other foreign universities, which considerably reduces the transaction costs entailed in course development and operational management and helps to build up high levels of trust based on close personal relationships and consistently high partner performance on both sides; (ii) have established strong reputations in national higher education markets; and (iii) a few (most notably APIIT, MDSI, Raffles,) are themselves beginning to partner with overseas education providers (for example, in India, Sri Lanka, and Uzbekistan). The growing involvement of major multinational education service corporations such as Kaplan is also noticeable.

While there are clear advantages for UK universities in only having to deal with a relatively few large, well organised overseas partners, the downside is that this is likely to put (at least some) of these overseas partners in a strong bargaining/monopsonistic market position when negotiating over UK university inputs and franchise and validation fees.

**4.3.4 Partner turnover**

Only around 2% of the overseas partners recorded in 1996/97 were still collaborating with their UK universities in 2015/16. This level of turnover is not surprising given the predominance of small student enrolments at this time and the loss of all nearly all partners in some major countries including Israel, Romania, Russia and South Africa. Generally speaking, most UK universities increasingly regard enrolments of less than 50 students as non-viable and will normally terminate/’exit’ the partnership. As noted above, around 20% of partnerships currently have fewer than 50 students so partnership turnover will continue to be reasonably high.

## 4.4 QUALIFICATION AND SUBJECT PROFILES

Undergraduate qualifications accounted for 68% of offshore enrolments in 2015/16 compared to 57% in 1996/97. The reasons for the relatively large and growing share of undergraduate offshore enrolments requires more in-depth research. However, financial factors are likely to be key. Firstly, undergraduate degree courses are less demanding, especially for overseas private sector providers, have lower unit costs and, since they are longer in duration and increasingly have higher annual fees than postgraduate courses, are considerably more lucrative. Secondly, the overall levels of student demand for business, finance and IT undergraduate courses is also invariably much higher than for postgraduate courses in the same subject areas. And thirdly, the ex-polytechnics which account for a disproportionately large share of offshore enrolments, focus mainly on under-graduate degree provision (see table 9).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Table 9: Percentage breakdown of undergraduate and postgraduate** | | | | |
| **Offshore enrolments by university category, 2015/16 (rounded percentages)** | | | | |
| **University category** | **Undergraduate** | **Postgraduate** |  |  |
| **Ancient** | 54 | 46 |  |  |
| **Redbrick** | 51 | 49 |  |  |
| **Plate glass** | 58 | 42 |  |  |
| **Ex-polytechnic** | 76 | 24 |  |  |

HESA does not collect information on the subjects studied by offshore students. However, a 2015 British Council TNE survey which did collect this information shows that offshore provision continues to be dominated by three subject areas namely business, finance and computing. The difficulty of being able to expand offshore enrolments into other major subject areas will continue to constrain the future growth of offshore provision.

## 4.5 OVERSEAS DISTANCE LEARNING

**4.5.1 Nature of provision**

The provision of distance learning courses tends to be global in scope (as opposed to national) since the same curriculum and delivery modes are followed regardless of location. This offers the potential for significant economies of scale especially since the often quite large fixed costs of course development can be spread across large numbers of both UK and overseas students.

Traditionally, overseas distance learning (ODL) courses were, in the absence of other learning technologies, paper-based with limited face-to-face tutorial support (i.e. low course intensity). Course fees were generally low as were student completion rates. While the advent of new on-line distance learning modalities can undoubtedly transform the nature and overall quality of the learning process as well the scale of provision, the complexity and costs of developing courses utilising these new technologies pose a major barrier to entry for all but the largest and most committed distance learning providers. It is probably mainly for this reason that, as noted earlier, ODL enrolments at UK universities have not grown appreciably over the last decade. The growing availability of in-country face-to-face FVA offshore courses at overseas partners is also likely to have dampened demand for distance learning.

On the demand side, UK universities increasingly recognise that ‘the market no longer wants the old book-based PDF provision’ with courses differing very little, if at all, from than in the UK. Also, early-mid career professionals are being targeted.

A handful of universities have managed to respond to these new challenges facing overseas distance education. London University, which is by far and away the distance learning market leader in the UK, has its own specialist organisation, London International, which manages distance learning provision for the 18 constituent colleges of the university. Over many decades, London International (and its predecessor organisations) has developed the capacity to manage efficiently the university’s ODL students, which currently number nearly 50,000[[6]](#footnote-5). The other major plank of the University’s distance learning delivery strategy is to encourage blended provision of distance and face-to-face instruction and other support at its Associated Learning Partners in most of its major national markets, particularly in Hong Kong, India, Russia, Pakistan, and Singapore. Students have to pay additional fees for this additional tutorial support which ensures that the University continues to earn reasonable financial returns and significantly improves completion rates which, as noted above, have been historically quite low for ODL courses.

The other major strategy which is being adopted is to outsource/franchise provision to specialist, private distance learning organisations which have the technical and managerial expertise to support complex virtual learning environments based on the most recent developments in IT-based pedagogy. The two major distance learning newcomers in the UK during the last decade, Liverpool and Roehampton Universities which, between them have nearly 10,000 ODL students, have contracted Laureate to manage their overseas distance learning provision[[7]](#footnote-6). Laureate is a major Dutch-based education services multinational corporation with its own students in over 60 institutions in more than 20 countries and a global turnover of US4.4 billion in 2017. The other major third party providers are UNICAF (South Wales), Global University Systems (Bradford, Exeter and Reading), and Future Learn (Coventry)

Another important consideration is that, despite considerable media and academic attention, MOOCS have not yet had any major impact on distance learning provision in among universities in the UK.

**4.5.2 Enrolments**

Overseas distance learningenrolments at the combined London University constituent colleges were 49,280 in 2015/16, which is 42% of ODL students enrolled at UK universities. Two universities had enrolments of 5,000-9,999 (Open and Liverpool) and eight universities had between 2,000-4,999 students. Between them, these 11 universities accounted for almost three-quarters of ODL enrolments. In total, only 18 universities had more than 500 ODL students. The 66 universities with less than 500 ODL students had, between them, less than 10,000 students. This preponderance of small enrolments testifies to the difficulty faced by most universities in scaling up distance learning provision.

ODL provision continues to be dominated by a small group of ancient and redbrick universities (Edinburgh, Liverpool, London, Manchester, and Reading) and plate glass universities (Heriot-Watt, Leicester, OU, Warwick, and Roehampton). The minimal involvement of all but a handful of the ex-polytechnic universities (Edinburgh Napier, Derby, Hertfordshire, Sunderland) is noticeable and is probably due to the difficulties faced by lower status, less well- resourced universities in generating demand and then managing what are relatively expensive and difficult to deliver courses (see section 7).

**4.5.3 Enrolment trends**

Total undergraduate ODL enrolments declined appreciably both in absolute and relative terms between 2007/08 and 2016/17 (see figure 5). By contrast, postgraduate ODL enrolments increased by over 60% during the same period with ‘the rest of universities’ group accounting for most of this growth. Global student demand for high-fee MBA courses from higher status universities (such as Liverpool, Manchester, Reading/Henley, and Edinburgh), has been particularly strong. However, there has been a marked slowdown in postgraduate ODL enrolments during the last five years.

A total of 45 universities have begun to offer overseas distance learning since 2007/08. However, only eight of these universities had more than 500 ODL students by 2015/16 which, again, highlights the difficulties of scaling-up provision. ODL enrolments declined at 16 universities between 2007/08 and 2015/16 with eight universities withdrawing altogether. ODL enrolments have also fallen significantly at universities such as Heriot-Watt and Leicester which had been major ODL providers in the mid-1990s[[8]](#footnote-7). Since 2012/13, ODL enrolments have also fallen appreciably at some key universities such as Liverpool and Manchester which had recorded impressive increases in enrolments in the 2000s.

**4.5.4 Geographical profile**

ODL is considerably more geographically dispersed than FVA offshore provision but it is quite strongly concentrated in micro and small states, conflict-affected/insecure states, countries with hostile policy regimes towards foreign offshore provision (including South Africa) as well as in Europe and North America. In 105 out of a total of 223 countries, ODL provision by UK universities still accounts for over 80% of total UK offshore enrolments (see table 10).

|  |  |  |
| --- | --- | --- |
| **Table 10: Overseas distance learning students at UK universities as percentage of total UK** | | |
| **offshore provision by country ('000 rounded)** | | |
| **ODL% total offshore** | **Number countries** | **Three largest country enrolments** |
| 100 | 33 |  |
| 80-99.99 | 72 | USA (4), South Africa (4), Australia (2) |
| 60-79.99 | 52 | Nigeria (5), Ireland (4), Germany (4) |
| 40-59.99 | 26 | Pakistan (4), Trinidad & Tobago(3), Switzerland (2) |
| 20-39.99 | 19 | Singapore (12), Hong Kong (7), UAE (3) |
| 0.1-19.99 | 21 | Malaysia (4), Sri Lanka (3), Greece (3) |
| **Notes: ( ) are country enrolments rounded to nearest '000.** | | |

The ten countries with the largest numbers of ODL students studying for UK degrees in 2015/16 were: Singapore (12,271), Hong Kong (6,583), Nigeria (5,252), Malaysia (4,576), USA (4,454), Ireland (3,993), South Africa (3,860), Germany (3,524), Pakistan (3,513), and Trinidad and Tobago (3,365). Larger population countries where distance learning students account for more than one-half of all UK offshore provision are Canada (86%), Kenya (71%), Japan (75%), Nigeria (71%), Pakistan (52%), Russia (67%), South Africa (89%) and United States (84%).

## 4.6 OVERSEAS BRANCH CAMPUSES

The establishment of overseas campuses has been heralded as ‘the highest stage of transnational education’. The OBC is likened to the wholly or jointly owned overseas subsidiary of multinational corporations and, as such, it is contended that the traditional analytical/theoretical frameworks that have been developed to study multinational corporations, foreign investment and even imperialism/dependency relationships can be utilised in order to understand the global spread of OBCs.

The major incentives for establishing an OBC are as seen as internalising risk and reducing transaction costs (opportunistic partner behaviour, bounded rationality, information asymmetry/impactedness, contingent claims, etc.), ensuring the maintenance of high academic standards, significantly improving international ‘brand recognition’ and the generation of substantial revenue based on relatively high enrolments and high fees (especially when compared to other forms of offshore provision).

The most commonly mentioned negative factors in establishing an OBC are high infrastructure and operational costs, political and economic uncertainties, inadequate domestic demand, cross-cultural differences and the ability to recruit adequate numbers of both home country and national/third country faculty. Also, many governments do not like foreign qualifications.

C-BERT states that, based on the recent global experience of OBCs, a minimum of four-five years is required for most campuses to become properly established and enrolments need to be at least 1,000 in order for a campus to be educationally and financially viable. Almost one-third of all OBCs have received some financial support from host governments.

**4.6.1 Numbers of campuses and enrolments**

Definitional issues have complicated the analysis of OBC provision. HESA adopts a narrow definition in that only wholly-owned overseas campuses with physical facilities/infrastructure are included. CB-BERT, on the other hand, adopts a much looser definition which includes ‘joint-ventures’ between UK and local universities and where there is not necessarily any significant investment in a free-standing campus or even other physical facilities.

OBCs were non-existent at the time of the original education internationalisation survey in 1996/97. The first campuses began to be established in the early 2000s and numbers grew reasonably rapidly thereafter. HESA statistics for OBCs for the period 2007/08 to 2016/17 are summarised in Table 11. Enrolments increased from around 10,000 at 9 campuses in 2008/09 to 23,000 at 18 campuses in 2013/14. Since then, however, enrolments appear to have plateaued (at least temporarily) at just under 26,000 with no additional campuses being established. In relative terms, overall OBC enrolments remain fairly inconsequential at only 7% of total offshore enrolments.

The overall share of OBC enrolments of three universities, Nottingham, Heriot-Watt and Middlesex, remained unchanged at 81% during this period. The top five university share was almost 90% in 2016/17. Undergraduate students comprised 70% of total enrolments. Over 70% of campuses are in CHMS.

HESA statistics indicate that 14 of the campuses established since 2008/09 by UK universities had no enrolments in 2016/17 and that OBC enrolments were stagnant or negative at another 12 universities and were only strongly positive at four universities (see table 26).

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table 11: Enrolments at overseas branch campuses among UK universities, 2008/09-2015/16** | | | | | | | |  |  |  |
| **University** | **2008/09** | **2009/10** | **2010/11** | **2011/12** | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **2016/17** | **Trend** |
| **Nottingham** | 6442 | 7031 | 7797 | 8505 | 9220 | 9945 | 10836 | 11588 | 11740 | Positive/stagnant |
| **Heriot-Watt** | 1054 | 1639 | 2118 | 3012 | 3733 | 4127 | 4731 | 5042 | 5025 | Stagnant |
| **Middlesex** | 853 | 1039 | 1484 | 2356 | 3049 | 3291 | 3230 | 4219 | 3885 | Stagnant/negative |
| **Strathclyde** | 0 | 0 | 0 | 0 | 0 | 0 | 1745 | 1565 | 1395 | New Stagnant/negative |
| **Newcastle** | 0 | 0 | 0 | 0 | 252 | 375 | 476 | 569 | 710 | New Positive |
| **Bangor** | 0 | 0 | 0 | 0 | 0 | 0 | 265 | 447 | 540 | New Positive |
| **Kent** | 349 | 333 | 383 | 319 | 278 | 330 | 303 | 358 | 400 | Stagnant |
| **Cranfield** | 752 | 905 | 0 | 0 | 0 | 441 | 322 | 307 | 285 | Negative |
| **Reading** | 0 | 0 | 0 | 0 | 0 | 28 | 96 | 301 | 600 | New Positive |
| **London Business School** | 0 | 0 | 0 | 0 | 275 | 270 | 274 | 281 | 285 | New Stagnant |
| **UC Birmingham** | 264 | 245 | 201 | 257 | 319 | 261 | 269 | 246 | 195 | Negative |
| **UCL** | 0 | 20 | 68 | 126 | 218 | 279 | 311 | 218 | 170 | Negative |
| **Liverpool** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 204 | 0 | New |
| **Queen Mary** | 0 | 0 | 0 | 0 | 0 | 66 | 86 | 88 | 110 | New Stagnant |
| **Exeter** | 51 | 63 | 64 | 64 | 70 | 68 | 65 | 60 | 55 | Stagnant |
| **Northampton** | 0 | 0 | 0 | 0 | 0 | 37 | 33 | 58 | 60 | New Stagnant |
| **Aberystwyth** | 0 | 0 | 271 | 0 | 0 | 0 | 0 | 41 | 90 | Negative |
| **Sunderland** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 70 | New |
| **Glyndwr** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 | 0 | New |
| **Falmouth** | 0 | 0 | 0 | 0 | 15 | 0 | 0 | 0 | 0 | Exit |
| **Southampton** | 0 | 0 | 0 | 0 | 20 | 56 | 0 | 0 | 0 | Exit |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table 11 cont.: Enrolments at overseas branch campuses among UK universities, 2008/09-2015/16** | | | | | | | |  |  |  |
| **University** | **2008/09** | **2009/10** | **2010/11** | **2011/12** | **2012/13** | **2013/14** | **2014/15** | **2015/16** | **2016/17** | **Trend** |
| **Chichester** | 61 | 55 | 52 | 30 | 10 | 7 | 6 | 0 | 0 | Exit |
| **Swansea Metropolitan** | 59 | 74 | 71 | 61 | 0 | 0 | 0 | 0 | 0 | Exit |
| **Wales Trinity St. David** | 0 | 0 | 0 | 0 | 46 | 27 | 16 | 0 | 0 | Exit |
| **Swansea** | 0 | 0 | 0 | 0 | 0 | 6 | 12 | 0 | 0 | Exit |
| **University Arts** | 0 | 0 | 19 | 0 | 0 | 0 | 0 | 0 | 0 | Exit |
| **Lincoln** | 0 | 0 | 18 | 0 | 0 | 0 | 0 | 0 | 0 | Exit |
| **Wolverhampton** | 0 | 0 | 21 | 39 | 32 | 0 | 0 | 0 | 0 | Exit |
| **Cardiff Metropolitan** | 0 | 0 | 21 | 6 | 0 | 0 | 0 | 0 | 0 | Exit |
| **St. George's** | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | Exit |
| **Highlands and Island** | 0 | 0 | 0 | 0 | 16 | 0 | 0 | 0 | 0 | Exit |
| **Northumbria** | 0 | 0 | 80 | 0 | 0 | 0 | 0 | 0 | 0 | Exit |
| **Total** | 9885 | 11404 | 12673 | 14775 | 17553 | 19614 | 23076 | 25607 | 25620 |  |

Seven universities, Aberdeen, Belfast, Heriot-Watt, Hertfordshire, Reading, Sunderland and Surrey, have established new campuses during the last three-years or are expected to open in 2018. The country breakdown of these campuses is China (3), Hong Kong (1), South Korea (1) and Malaysia (2).

The Chinese authorities have recently announced that approvals for new overseas campuses have been halted. The Malaysian government’s decision to only allow new overseas partnerships with universities in the top five percent of global rankings will also limit the development of new OBCs in this country. The government in Singapore has only ever permitted top global universities such as MIT to establish branch campuses in the country.

The attempt by the government of Mauritius to develop its university sector into a regional education hub in particular by encouraging overseas universities to set up branch campuses highlights the challenges of OBC provision. Wolverhampton University opened its branch campus in 2004 but, having only managed to enrol 140 students four years after start-up, it is closing down. Similarly, the Aberystwyth University campus opened in Mauritius in 2015 with an expected capacity of 2,000 students. By 2017, just 106 students had enrolled. In 2016, the campus made a loss of £200,000. Not surprisingly, the university is facing mounting pressure to close the campus. Only the Middlesex University branch campus remains. Current enrolments are over 1,000 but it is barely profitable.

The 2017 C-BERT OBC inventory lists overseas campuses from another 13 UK universities (Belfast, Bolton, Central Lancashire, Glasgow, Glasgow Caledonian, Leeds, Lancaster, Liverpool, Manchester, Sheffield, Southampton, Surrey, and Westminster) with total reported enrolments of almost 13,000. Most of these are ‘joint ventures’, ‘collaborative partnerships’, overseas/international ‘faculties’ or ‘business schools’ and not all of them have their own physical premises. Liverpool University’s joint venture with Xi’an Jiaotong University has over 7,500 students but is not classified by HESA as an OBC because not all students at Jiaotong University study for Liverpool University degrees.

## 4.7 COURSE COMPLETION RATES

Surprisingly, no detailed information has ever been collected on the completion rates of students studying for UK degrees on offshore courses. This review requested, therefore, each university to provide undergraduate and postgraduate enrolments and completions for students studying offshore in its three largest enrolment countries in 2016/17. Ideally, completion rates should be based on student cohort analysis. However, based on a pilot group of 30 universities, it soon became clear that most universities are unable to furnish easily this information with the result that most issued FOI refusal notices under the 18 hour rule. There was really no alternative, therefore, but to rely on total enrolment and completion figures in order to calculate a crude completion rate where completions in any one year are expressed as percentage of total enrolments in that year. Sixty universities furnished this information.

For undergraduates, completions, as a percentage of total enrolment, averaged 38%. For three-year degree courses with stable intakes for the last three years, a 100% (cohort) completion rate would be around 33%. However, looking at the ratios of completions to enrolments for individual universities, it is clear that half of the universities were either significantly expanding or contracting their enrolments in their top three offshore enrolment countries so no robust conclusions can be drawn about the cohort completion rate for offshore undergraduates.

Crude completion rates for offshore students studying for master’s degree courses at overseas partners are likely to be more accurate because most of these courses are only one year in duration. The average crude completion rate among the 31 universities who provided this information was 40.2% in 2016/17 which appears quite low. There is also very considerable variation in crude completion rates among these universities with a lower quartile figure of 20% and an upper quartile figure of 57%. Certainly, cohort completion rates are likely to be low among the half of the universities where completions as a percentage of total enrolments were less than 33%.

As would be expected, the crude completion rate for overseas distance learning master’s students is considerably lower at 27%. Again, the variation among the 16 universities providing this information is very large (see figure 6). Typically, distance learning students take two-three times longer to complete their degrees than conventional, full-time students but, at half of these universities, completions as a percentage of total enrolments were below 25% which suggests that cohort completion rates are quite low.

1. GROWTH PROSPECTS

The quantitative evidence presented in this report provides a good starting point for an objective assessment of the growth prospects of offshore provision. However, this needs to be supplemented with in-depth interviews with key managers in a representative sample of both UK universities and, where appropriate, their overseas partners. Consequently, the following discussion of growth prospects should be treated as quite tentative and subject, therefore, to considerable revision in the light of new evidence, both quantitative and qualitative.

Previous official/quasi-official reports on TNE are all consistently optimistic about the both the enrolment and revenue growth prospects for offshore student provision. However, as mentioned in the Introduction, given the primary advocacy purpose of these reports, they tend to have a strong ‘optimism bias’.

**5.1 OVERSEAS PARTNERSHIPS**

**5.1.1 Rationalisation and consolidation**

A growing number of UK universities, especially those with very large enrolments of low-return FVA courses, are re-evaluating their overseas partnership strategies. Many have been heavily involved in offshore collaborative provision for the last twenty years and have now, therefore, sufficient experience to take stock. The following extract from 2016/17 Annual Report of Heriot Watt University, which is perhaps the most international university in the UK, is a good example of this process of strategic refocusing.

’Over the last two years, even with the growth in student numbers at our own international campuses, our transnational student numbers have remained static at around 15,000…The University is undoubtedly facing competition from other large players and from a growth in the number of institutions participating in transnational activity. However, ….erosion in numbers has not been mirrored in terms of erosion of revenues; reflecting both the value of operating on our own campuses and a shift away from high volume-low revenue partnerships to more rewarding activity with accredited partners and particularly in international distance learning. Looking forward, the university has ambitious plans to maintain planned growth in international activity by strengthening the global nature of its postgraduate programmes, offering greater flexibility in subject choice, location, and mode of study,

With generally small and, at least relatively speaking, declining financial returns, universities are also paying more attention to the non-financial benefits of overseas partnerships and, more broadly, their ‘global engagement’. This is especially the case for the richer, higher status universities which, with usually large numbers of relatively highly lucrative onshore overseas students, do not have particularly strong financial incentives to become heavily involved in generally much higher risk-lower return offshore provision.

Other universities are increasingly concerned about the ‘overall fit’ of offshore student provision with the university’s overall medium-long term strategy. There is increasing emphasis on how overseas partnerships support research activities and objectives. Where this is seen to be sub-optimal, universities are prepared to exit (disinvest) from these partnerships. A notable recent example is Lancaster University’s decision to end its partnerships in India and Pakistan with a combined enrolment of 3,300 students. Nottingham Trent University is also withdrawing from India and Malaysia (with combined enrolments of 3,600).

With the growing emphasis on the quality of partnerships, UK universities, in particular those red brick and higher status plate glass universities which have been involved with offshore provision for more than a decade, are focusing more on collaborative partnerships and other kinds of joint ventures. These kind of partnerships score highly with respect to (i) quality assurance/reputational risk issues, (ii) high visibility branding; (iii) relatively high value added with low financial outlay and associated risks; and (iv) by teaming up with prestigious local public universities, provide the opportunity to engage in high quality, high impact research (see table 12).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Table 12: Rating schema of positive attributes of the main types of offshore provision** | | | |  |  |
| **Positive attribute** | **Low** | **Medium-low** | **Medium-high** | **High** |  |
| Minimise quality assurance/ | Franchising | Joint ventures | Distance | Branch |  |
| reputational risks | Validation | Articulation | learning | campus |  |
| Maximise visibility/impact of | Validation | Fly-in faculty | Joint ventures/ | Branch |  |
| university brand | Articulation | Distance learning | collaboration | campus |  |
| Minimise financial outlay and | Validation | Franchising | Distance | Branch |  |
| associated risks | Articulation |  | learning | campus |  |
| Financial returns | Validation | Franchising | Distance learning | Articulation, joint |  |
|  |  | Branch campus | Branch campus | ventures/collaboration |  |
| Research opportunities | Franchising, validation, |  |  | Joint collaboration |  |
|  | articulation, distance learning |  |  | Branch campus |  |

Low return-high risk-low visibility validation partnerships will continue to interest only a relatively small group of mainly ex-polytechnic universities but, in overall terms, validation enrolments could fall quite appreciably. For example, Staffordshire University’s offshore enrolments declined by over 4,000 (20% of total) in 2016/17.

**5.1.2 International competition**

Despite the growing interest in the internationalisation of higher education provision, it seems unlikely that the British and Australian university dominance of offshore overseas partnerships will be significantly threatened, at least for the next five-ten years. A quick examination of overseas partnership agreements at a selection of major universities in Europe and North America indicates that most university overseas partnerships continue to focus on student and faculty exchange and research. For most universities, the main thrust of their internationalisation strategies will continue to be attracting onshore overseas students. Large for-profit education corporations do not generally get involved in FVA course provision precisely because most of it is not very profitable. However, more lucrative high input franchising courses could be of interest to major education corporations such as Kaplan[[9]](#footnote-8).

**5.1.3 Future demand for offshore provision**

The 2014 BIS report noted that ‘overseas partners are increasingly seeking to going it alone as they gain confidence and, in many cases, their own degree-awarding powers’ (p.55). More up to date information is needed, but it is quite possible that, as national higher education systems mature, universities will independently establish their own overseas partnerships and reduce, and even phase out, their involvements with UK and other foreign universities.

The acute shortage of national higher education capacity to meet burgeoning demand for higher education in low and middle income developing countries is seen by the offshore optimists as continuing to fuel the growth of offshore provision. However, the affordability of offshore courses will continue to seriously constrain demand especially in low income countries in sub-Saharan Africa and South Asia. [[10]](#footnote-9) The narrow range of subjects offered by overseas partners is also unlikely to change markedly in the near to medium term.

As discussed earlier, UK offshore enrolments are heavily concentrated in a small group of countries, all of which have ambitious goals with regard to the development of their own universities both nationally and also as regional education hubs. Like the original ‘tiger economies’, they are drawing on the expertise and capacity of UK and other foreign universities to develop rapidly their own higher education systems. They have explicit targets to increase the number of overseas students and establish their own ‘world class universities’. The key question, therefore, is what will be the role, if any, for universities in the UK and other foreign countries once these higher education systems have developed and matured. Overseas student fees in these countries are and will continue to be much lower than in the UK and, as regional education hubs, universities in these countries will themselves become increasingly involved in offshore provision.

A significant number of countries, especially where for-profit higher education is banned, are likely to remain off limits or unwelcoming for overseas offshore provision. These countries include Bangladesh, India, Israel, South Africa and South Korea. Other large population countries (most notably Nigeria and Pakistan) will continue to be seen as too difficult or challenging to invest heavily in overseas partnerships. Continued reliance on English as the dominant medium of instruction and learning will also continue to limit the geographical scope of UK offshore provision.

**5.2 OVERSEAS DISTANCE LEARNING**

As things stand, ODL enrolments at UK universities are likely to fall, possibly quite significantly, over the next five-ten years. As noted earlier, it is slightly ironic that the most traditional form of offshore provision is currently the most profitable. Universities will continue to be attracted by these high earnings potential of ODL especially for high tuition fee courses (especially blended MBAs). However, international competition is quite intense and, ODL tuition fees in the UK are relatively high especially compared to ODL courses in the Middle East, South Asia and South Africa. Currently, only one percent of distance learning students registered at US universities are domiciled overseas but, should the major DL universities and corporations in the US become more engaged in overseas markets, this would pose a very major challenge to ODL providers in the UK.

Technological barriers to entry will also remain high for the foreseeable future which will probably lead to more UK universities contracting out their distance learning courses to specialist providers. This, in turn, will significantly reduce returns with ODL provision by UK universities becoming more akin to the rent seeking activity which is more characteristic of low-return franchised and validation forms of offshore provision.

**5.3 OVERSEAS BRANCH CAMPUSES**

Despite all the hype, only a handful of UK universities have sizeable overseas campuses. Total enrolment has remained relatively small and is growing only slowly.

It seems unlikely that the current small number of host countries will increase appreciably over the next decade while, at the same time, international competition, especially from US and Australian universities, will intensify. As more universities in current and potential host countries mature, it is also likely that they will become less interested in entering into joint venture partnerships with overseas universities and governments will also impose increasingly tight restrictions on the establishment of overseas campuses. The already very limited involvement of low status UK universities will, therefore, continue and may even contract.

**6. CONCLUSION**

The main conclusion of this review update is that the future prospects for TNE in the UK are quite uncertain. Although UK universities are not conventional profit maximisers, low returns from most overseas validation partnerships, the majority of branch campuses and, increasingly, from distance learning courses could eventually lead UK universities to reduce significantly their involvement in these forms of offshore provision. The two main growth areas for offshore provision are likely to be, firstly, higher return but lower enrolment collaborative (joint degree and franchise) partnerships which also offer the opportunity for substantive research activity and, secondly, high volume articulation/ progression arrangements which enable universities to boost their onshore overseas enrolments and are, therefore, relatively lucrative. In short, therefore, the current shift away from high-volume, low-return partnerships will continue and probably accelerate with increasing emphasis being given to lower volume, higher return, ‘quality’ partnerships.

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1. [↑](#endnote-ref-1)
2. Funding body grants for universities in England fell from 35% of total income in 2007/08 to 12% in 2016/17. The corresponding percentages for Scotland, Wales and Northern Ireland are 41% and 27%. [↑](#footnote-ref-1)
3. [↑](#footnote-ref-2)
4. Personal details of all students studying at higher education providers in the UK are collected by HESA as part of the Individual Student Record. [↑](#footnote-ref-3)
5. Some overseas branch campuses send all or a large proportion of their students to the UK parent campus for usually for one year. For example, Southampton University’s OBC in Malaysia and Liverpool University’s OBC in China (2+2). [↑](#footnote-ref-4)
6. The largest ODL providers at the University of London are LSE 17,800 students, undergraduate law degrees 15,500, SOAS 6,000, Queen Mary College 2,100, Royal Holloway 2,000, and University College 2,300. [↑](#footnote-ref-5)
7. Another five universities are reported to have franchised their ODL courses to Laureate. [↑](#footnote-ref-6)
8. Some of this decline is attributed to universities ‘weeding out’ large numbers of non-active students and does not reflect any significant decline in the commitment of the university with regard to ODL provision. [↑](#footnote-ref-7)
9. Kaplan’s franchising arrangement with Royal Holloway College, London University in Singapore is a good example. [↑](#footnote-ref-8)
10. For example, this was consistently identified as the major negative factor by student respondents in the 2015 British Council study of overseas partnerships in India. [↑](#footnote-ref-9)