Recalibrating value for money for international students

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"Prediction is very difficult, especially if it's about the future," said Nobel laureate Niels Bohr. So, I am looking back at my predictions from 2011 about 'the future of international student mobility' with scepticism.

I highlighted that “...the influence of unpredictable events like 9/11 and the recession on student mobility is far-reaching and global. In addition, government policies related to visa requirements, specifically those concerning financial requirements and post-education work opportunities, will have a big influence on student mobility.”

While many were surprised (pleasantly or unpleasantly) by the outcomes of the Brexit referendum and the American presidential elections, it is safe to predict that recruiting international students is going to become hypercompetitive. Hans de Wit noted, “although the main push and pull factors have not changed, global contexts have and will continue to do so, resulting in growing global competition for international students”.

Intensifying global competition

Looking at international student mobility through the Three Waves framework, we notice that some of the unpredictable events have a larger impact on student mobility patterns and choices and have implications for institutional strategies and national policies.

The First Wave was characterised by the terrorist attack of 9/11 that resulted in stricter visa barriers for international students in the United States. Many competing destinations including the United Kingdom and Australia expanded enrolment at the
expense of the US. This wave also saw the launch of regional hubs, such as Dubai Knowledge Village, and policy initiatives related to international branch campuses in Malaysia.

The global financial crisis triggered the Second Wave and resulted in severe budget cuts for the higher education sector around the world. In search of additional sources of revenue, many institutions in the US started focusing on growing international enrolment. Countries like Denmark and Sweden started charging tuition fees for students outside the European Economic Area. This wave also saw a significant growth in English-taught programmes in Europe and Asia.

The Third Wave is shaped by the uncertainties triggered by the new political order, with anti-immigrant rhetoric and restrictive work policies for international students, which are intensifying global competition. Given that one in three globally mobile international students is enrolled in the US or the UK, changes in the number of students choosing these destinations have a cascading effect in other parts of the world.

For example, countries like Germany, Australia and Canada are also gaining from the redirection of some of the mobility from the US and the UK. However, the key test of institutional strategy and stability will be the ability to maintain international enrolment when the next unpredictable event comes into play in the Fourth Wave.

In sum, institutions are more reliant on international student enrolment at a time when competition to attract them is increasing. As a result, higher education institutions must consider the changes in the external environment and recalibrate their value proposition for students in order to promote sustainable enrolment growth.

**Demonstrating value for money**

How do we define value for money? The relatively simple and universal definition of “value for money” according to the Oxford English Dictionary is “reasonableness of cost of something in view of its perceived quality”.

However, “value for money” is a contested and complicated concept in the context of
higher education as the perspectives of various stakeholders – students, faculty, administrators and policy-makers – differ substantially. Yet, it is now embedded in the UK’s Higher Education and Research Act.

If defining the value for money of higher education is difficult, then demonstrating value for money is an even bigger challenge. Paul Layzell, principal of Royal Holloway, University of London, wrote in a Universities UK blog that the higher education sector needs “…new approaches that are more readily accessible to students and politicians alike, helping us to explain the decisions that underpin value of higher education”.

Students are becoming aware of the changing policy environment of higher tuition fees and lower government funding. According to research commissioned by the newly established Office for Students, UK students were less likely to consider their investment as good value for money (49%), compared to 61% of students from other European Union countries and 66% of those from non-EU countries.

On the upside the research shows that perceived quality in the context of tuition costs is still higher for international students as compared to domestic students. However, on the downside, a third of international students do not see the value for money of their course and may be likely to recommend alternative destinations to future students.

Universities must not only define their value for money but also map it to the best-fit segment of international students.

**Engaging diverse student segments**

International student decisions to study abroad are influenced by several variables at the individual, institutional and country level. However, international students can be placed on a spectrum of varying abilities and expectations, with ‘Bargain-hunters’ on one end and ‘Experience-seekers’ on the other end.

Bargain-hunters are driven by how to minimise costs (tuition and living expenses) and maximise financial returns in terms of work opportunities during and after the programme. They are less constrained by a city’s location as long as it offers lower
costs or higher prospects of work. This segment is highly sensitive to changes in tuition fees and immigration policies. Bargain-hunters are the segment of students who are highly affected by the unfavourable immigration policies of the Third Wave.

Experience-seekers are motivated by the lived experiences and social recognition that comes with studying abroad. As a result, location and safety matter to them. They are less sensitive to cost and immigration policies as compared to Bargain-hunters. Many Experience-seekers intend to go back to their home country and do not necessarily want to work in the destination country.

To enrol international students sustainably, institutions must recalibrate the value for money of their offering and map it to their best-fit segment.

Consider the example of Eastern Michigan University, which recently announced a change in tuition policy, meaning they will charge international undergraduate students the same tuition fees as domestic students – a reduction of 60% compared to last year. This ‘recalibration’ will differentiate the university among its segment of Bargain-hunter students.

While not all international students can be defined in this framework, it does provide a way to conceptualise the diversity of the international student body and how institutional strategies must adapt to them to offer maximum value for money.

Global competition for international students is becoming intense. Yet, innovation and adoption of institutional strategies that align with student segments and deliver on the promise of value for money will become the key differentiators of institutional success.

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