Global Student Mobility 2025
The Supply Challenge

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Global Student Mobility 2025: The Supply Challenge

Introduction

IDP’s 2002 research indicated that the global demand for higher education is forecast to grow to over 262 million places by the year 2025. The domestic education systems of many countries with the highest demand will not have the capacity to respond to this demand. Therefore, the demand for international education is forecast to increase significantly. Global demand for international higher education is forecast to grow to over 7 million places by the year 2025 and demand for international education in Australia is forecast to grow to over 560,000.

In response to these forecasts, concern is being expressed as to whether Australia’s higher education system has the capacity to meet demand while continuing to supply a high quality educational experience. There is also concern that strategies to achieve diversity may in fact diminish the capacity of institutions to meet the demand of international education in Australia because the countries that Australia is looking to for diversity are not the areas of high demand.

Over the last six months IDP has undertaken research to try to examine issues associated with the supply of international education in Australia. The research comprised an analysis of available data as well as a survey of key representatives of Australian institutions in all sectors.

Key Findings of the Research

Quality, capacity and diversity were identified as critical issues associated with Australia’s future involvement in international education. In terms of quality, institutions are concerned about the quality of

- the experience;
- educational outcomes, including employment outcomes;
- students;
- academic profile/focus of the institutions; and
- transnational programs and their effect on Australia’s reputation.

Institutions identified the need for diversity in terms of nationality, field of study, level of study and for some location of study. Their concerns were in increasing diversity:

- to ensure the benefits of internationalisation were maximised for all students, the institution as a whole and the community; and
to mitigate risk.

In response to burgeoning demand, institutions are considering and/or implementing a wide range of strategies to meet demand, or to control supply. Whether institutions are more inclined to meet demand or to control supply depends on a range of factors including the institution’s:

- Vision and mission
- Size;
- Current enrolments of international students; and
- Location.

However, regardless of their strategies, most institutions believe that an international student ratio of 25% to 30% is as high as it should be. However in maintaining an international student ratio of 25%, would mean that demand would begin to outstrip supply by 2015.

**Strategies to Control Supply**

The strategies being adopted by institutions to control supply are designed to make institutions more selective in the students they accept. The strategies include:

- Caps on Enrolments
- Increased Fees
- Increased Entry Requirements
- Targeted Marketing

**Strategies to Meet Demand**

At the same time institutions are introducing a range of strategies to expand their capacity to meet demand. These strategies include:

- Infrastructure strategy
- Alliances
- Shorter Courses
- Flexible Intake Periods
- Transnational Delivery
- Other Metropolitan Campuses
- Multilingual Delivery

**Typology of Supply Responses**

Three categories of institutions were identified. Type A were those institutions mainly with controlling supply rather than meeting demand. These institutions tend to be
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- Large, public traditional institutions with strong brands and a strong interest in maintaining an exclusive profile
- Expensive – high end of price range – increasingly so in response to measures to restrict of supply
- Selective – they attract large numbers of high quality students and experienced staff and are able to set high entry requirements
- Have a strong interest in, and usually the resources to devote to, strategies to increase diversity.

At the other end of the spectrum we have the institutions that are mainly concerned with meeting demand (Type C). These institutions have the following characteristics:

- Smaller, often regional public institutions with low international student numbers and considerable capacity for growth
- Private institutions that have been established in response to demand for international education and are interested in continued expansion to capture as much of the market as they can.

Between these two extremes is Type B. Type B represents a large group of institutions that has strategies to both meet demand and to control supply. They are institutions that are generally characterised by their:

- Metropolitan location
- Strong international focus
- High enrolments of international students but growing concerns about diversity and the quality of the international education experience
- Considerable interest in and capacity to expand enrolments of international students and their openness to a wide range of strategies to achieve this.

Conclusions

Currently in Australia there are around 115,000 international higher education students and the ratio of international students to total student population is around 14%. It Australian universities were to meet the demand for international education the international student ratio would continue to increase up to 39% by 2025.

Institutions believe that an international student ratio of 25% to 30% is as high as it should be. However, maintaining an international student ratio of 25% would mean that demand would begin to outstrip supply by 2015.
An investigation of the websites of those institutions currently positioned as world leaders internationally revealed that there were generally no references to restrictions on international students according to quotas. Therefore, Australian institutions will have to rethink the 25% to 30% limits and accept the best of all students regardless of their country of origin.

In the short, medium and maybe even the long term, Australia’s capacity to meet demand will be related to ability to provide high quality transnational education and to use technology effectively.

However, even with technology and expanding capacity, Australia will need to attract high quality students and to do so, one or two or even 10 world class institutions will be insufficient. Australia will need a reputation for world class universities supported by world class schools, VET and ELICOS institutions in both the public and private sectors. It may also mean forming alliances with overseas institutions to expand our capacity.

To achieve this Australian education institutions will need:

- Resources to ensure that all institutions can meet demand in high demand fields with world class programs and outcomes;
- Resources to develop fields of excellence and the standing of all institutions through research and development programs;
- World class quality assurance processes; and, most importantly
- Investment to ensure the future of this multi-billion dollar industry.

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