



UK BUSINESS SCHOOLS AND INTERNATIONAL STUDENT RECRUITMENT:

Trends, challenges and the case for change

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Research partner:



carringtoncrisp

FOREWORD



"In 2014/15 we experienced the sharpest decline of international students starting degree programmes in UK business schools. This report shows how this is damaging, not just for business schools and the universities that rely on their income, but in terms of the jobs and communities beyond our universities that are supported by the income from international students. Although our business schools remain competitive and our universities are amongst the best in world, international students are choosing other countries for their education because our immigration regulations make this country difficult, or unattractive, to enter. Not only are we turning away investment, we are turning away international talent. These skilled, entrepreneurial and globally mobile students are the leaders of tomorrow and the UK's immigration policies should be designed to attract them so that our universities and our economy can benefit from the diversity and added value they bring."

Professor Simon Collinson, Chair, Chartered Association of Business Schools



"Educating the world's top talent is a growth opportunity for the UK that we must capitalise on. Encouraging international students to study at our leading business schools and universities has benefits for local economies and in building our global links. It is also in our national interest to encourage the brightest and best to stay and work here where they have skills that are not readily available within the domestic labour market. We must ensure we harness the strengths of international students, including by developing a robust visa system which is not a barrier to studying at our great business schools."

Neil Carberry, Director - Employment, Skills & Public Services, CBI



"Despite growing demand for quality higher education across the world, international recruitment figures in the UK over the last few years have not done justice to the world-class reputation of the UK's universities and business schools. At the same time, competitor countries have seen rises in international student numbers.

"International students and staff make an enormous contribution to the UK, academically, culturally and economically. If the UK wants to fulfil its potential in this growth area, it must present a welcoming climate for genuine international students and academics and ensure that visa and immigration rules are proportionate and communicated appropriately."

Nicola Dandridge, Chief Executive, Universities UK



The UK has long been a major destination for the large numbers of Indian students who study overseas. These highly skilled individuals make a significant contribution to the finances of UK higher education institutions, especially those offering business related postgraduate courses. The decline in the numbers of these students should be a cause for concern and any link to changes in the conditions around post study work visas, whether perceived or otherwise, should be addressed as a matter of some urgency. The experiences of Indian students in the UK is an important facet of the trade and investment relations between the two countries."

Richard Heald, CEO, UK India Business Council

INTRODUCTION

The excellent reputation, quality of teaching, research and the student experience offered by UK universities has made our universities hugely attractive to international students. Around one-eighth of universities' income comes from international students' tuition fees. They contribute over £7 billion¹ to the economy per year through their fees and off-campus expenditure, and more still through the jobs created in the regions around universities. Both in terms of financial contribution and by creating a global culture on campus, these students are a valuable asset to our universities and to UK plc.

One-third of all international students studying in the UK are studying on a business and administration course. The UK has excellent business schools, some are amongst the best in the world, and all offer students good opportunities to meet their career aspirations. Employability of business undergraduates is above the average for university graduates and a business degree comes with a higher than average earning potential of £28,000² for a graduate entering employment for the first time. MBA graduates from the UK's highest ranked business schools can earn an average of £127,000 per year three years after graduating, equivalent to a 90% increase in their salary.³

In 2014/15, business and administrative studies students accounted for 17.4% of all first year students at UK universities, rising to 23.5% among postgraduate students. With 125,670 full-time enrolments in 2014-15 it is the most popular subject at UK universities. Of these students 60,190 were from outside the EU.⁴

This has increasingly benefitted universities because business schools are amongst the small number of schools that make a net income contribution to university finances. In doing so they support other important disciplines and faculties, which can include medicine, which may be run at a loss and rely more on government funding, which has been declining.

International students also hugely benefit the regional economies around our universities and the national economy overall. The value of business and administration students from outside the EU to our universities and the UK economy as a whole is £2.4 billion annually.⁵

In March 2011 the Government announced its policy to tighten visa regulations for international students seeking to work in the UK after graduation. Key features of this policy included the introduction of requirements for international graduates to have found an employer within four months of graduation who is willing to offer them a graduate job with a salary of at least £20,000 (since increased to £20,500) and to 'sponsor' them. Students who want to set up a business in the UK can apply for a 'Graduate Entrepreneur' visa and will need their university to 'sponsor' them. The Government also toughened up the rules on English language competence, insisting students have an upper intermediate level of English. Evidence shows this policy, and how it is perceived by prospective students abroad, is having a negative impact on business schools' ability to recruit international students. Coupled with increased competition for international students from institutions abroad the decline in non-EU students also has a detrimental effect on university finances and the regional economies around them.

Table 1: Non-EU first year students studying business and administration

	Postgraduate (research)	Postgraduate (taught)	First degree	Other undergraduate	Total
2014-15	960	38,175	19,390	1,665	60,190
2013-14	1,165	40,565	22,175	1,920	65,825
2012-13	970	39,385	21,250	2,115	63,720
2011-12	950	40,005	21,560	2,160	64,675
2010-11	870	40,025	18,935	2,600	62,430
2009-10	800	36,520	15,920	2,170	55,410

Source: HESA Student Records 2009/10 to 2014/15, drawn from 'Heidi' online information system

¹ Universities UK (2014), The impact of universities on the UK economy

² HESA (2013/14) Destination of leavers from higher education survey

³ FT MBA Rankings 2016

⁴ HESA Student Records 2009/10 to 2014/15, drawn from 'Heidi' online information system

⁵ Based on Universities UK's estimated average per capita expenditure of non-EU students, as published in 'The impact of universities on the UK economy' (2014)

The 2014/15 intake saw the sharpest decline of international students starting a course at a UK business school. A drop of 8.6% has seen a £133.5 million loss to university finances and their local economies.

The total number of international students on a business and administration course has been on a stuttering downward trend since 2011/12 – the academic year following the Government’s announcement to limit the rights to post-study work visas. This compares with a 2.4% global growth in internationally mobile students between 2011 and 2013.⁶ Analysis of the data reveals a greater impact on different levels of study. Whilst first degree students have increased in the last 5 years, the numbers in 2014/15 are 4% lower than the previous year. Postgraduate taught programmes are 6.7% down from the highest number in the five years from 2010 and are 4.2% lower than in 2010 - a decline of 3,415 non-EU students.⁷

Estimating the value of the decline in postgraduate taught programmes is difficult. Some MBA programmes cost as much as £60,000 in fees, while other MSc one year degrees are around £10,000. Based on the lower end of these fees alone, the decline in international postgraduate students represents just over £34 million in lost income for business schools and universities.

As 52% of full-time postgraduate taught students at UK business schools in 2013 were international they represent a highly valuable share of income derived from student fees. If 54,800 postgraduate taught students paid on average £10,000

in fees in 2013/14 then business schools will have generated £548 million in revenue from fees from non-EU students.

The value of international postgraduate taught students to the regional economies around business schools and to the UK economy as whole is greater still. International students spend, on average, an estimated £11,284 each year off campus on services and living costs, according to Universities UK⁸. Therefore, those on postgraduate taught business and administration courses spent £618 million in 2013/14, and over £1.1 billion when combined with their fees. The decline of 3,415 international students studying at this level since 2011 represents a loss of £72.6 million to the economy so far.

Over half of our members responding to this survey reported falling numbers of international postgraduate students on MSc and MBA programmes. China and India were identified by business schools as the ‘most important’ sources of students, but also the countries which our members have seen the largest declines in recruitment numbers in recent years.

Despite concerns being expressed about the increasingly difficult international student recruitment market for UK business schools, there is no single piece of work that pulls together the different strands of this marketplace. The Chartered ABS has sought to address this by examining the current state of the market, drivers in the marketplace, likely future trends and actions for Government and business schools.

Table 2: Total number of non-EU students studying business and administration in the UK

	Postgraduate (research)	Postgraduate (taught)	First degree	Other undergraduate	Total
2014-15	3,265	52,500	43,490	1,900	101,160
2013-14	3,255	54,800	45,325	2,195	105,575
2012-13	3,000	53,220	43,000	2,425	101,650
2011-12	2,890	56,280	40,605	2,635	102,410
2010-11	2,600	55,915	35,950	3,075	97,540

Source: HESA Student Records 20010/11 to 2014/15, drawn from ‘Heidi’ online information system

⁶ UNESCO Institute for Statistics

⁷ HESA Student Records 20010/11 to 2014/15, drawn from ‘Heidi’ online information system

⁸ Universities UK (2014), The impact of universities on the UK economy

Purpose and Methodology

In order to produce this report, Chartered ABS commissioned CarringtonCrisp to undertake the following activities:

- Desk research to review existing literature
- Interviews with Deans/international recruitment/marketing staff at UK business schools
- A survey of Chartered ABS member business schools

During the autumn of 2015, CarringtonCrisp also undertook three group research studies – The Business of Branding, Tomorrow's MBA and Tomorrow's Masters. Each of these studies covered aspects of the brief detailed above and have been drawn on in compiling this report.

The study has sought to examine the following issues:

- the size and value of the market, recent trends and likely future developments
- the impact of UK government policy on future student recruitment
- the impact of overseas governments' policies on student recruitment to the UK in fields such as scholarships, visas for study and work and HE destination marketing
- the impact of exchange rates and fee levels on student decision making
- the role and use of agents in international recruitment
- the role of pre-degree programmes run through groups such as INTO
- entry requirements and language testing
- the role and impact of brand UK
- the marketing and international recruitment activity of UK business schools and universities



UK BUSINESS SCHOOLS AND THE INTERNATIONAL STUDENT MARKET

The big picture

To get an overview of the UK international student recruitment marketplace, business schools were asked in the online survey to comment on a series of statements about international student recruitment. **Over 90% definitely or mostly agree that 'Changes to post-study work visa availability has had a negative impact on international student recruitment'. Nearly 90% also definitely or mostly agree that 'Reporting of government policy has had a negative impact on international student recruitment'.**

Visa issues are further highlighted by 80% of business schools, which definitely or mostly agree that **'Processing student visa applications by UK authorities has had a negative impact on international student recruitment'.**

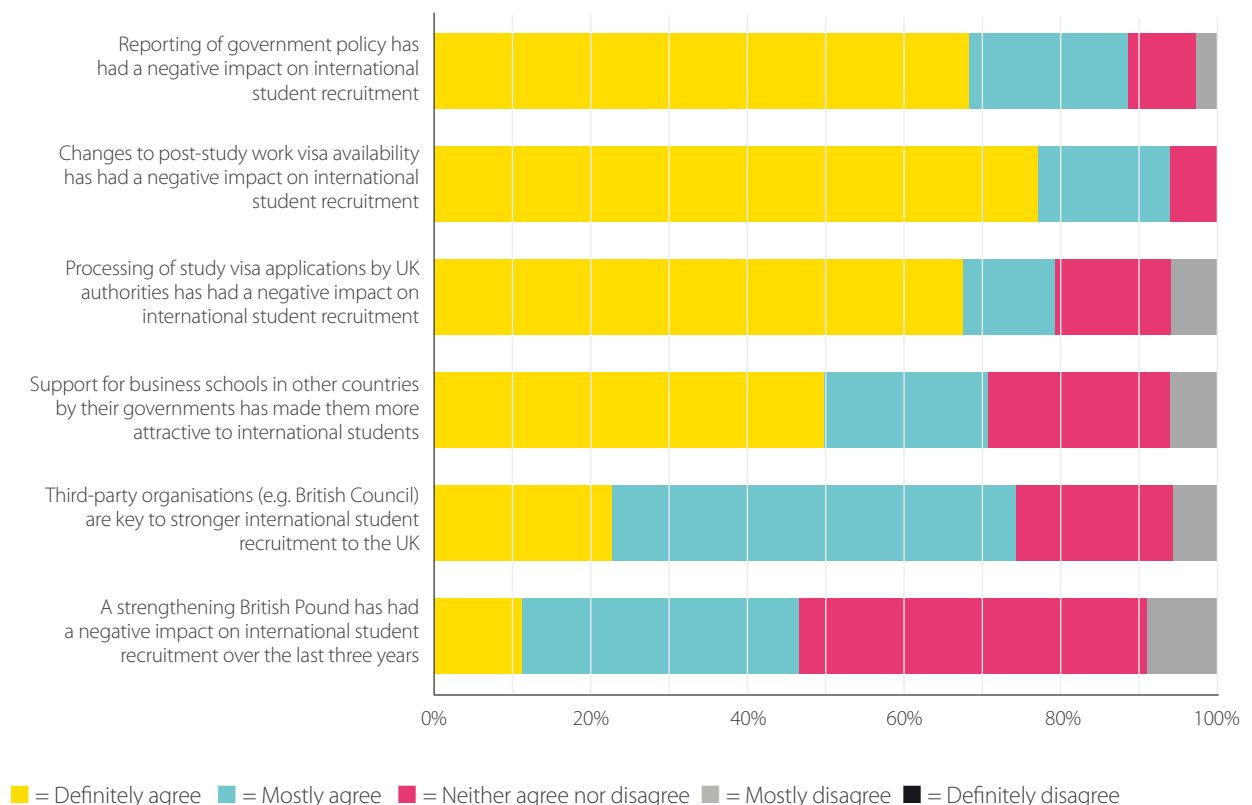
Business schools also suggest that it is not only the UK government that has had a negative impact on international student recruitment to the UK. More than 70% of respondents

to the survey definitely or mostly agree that 'Support for business schools in other countries by their governments has made them more attractive to international students'.

Three-quarters of the survey respondents definitely or mostly agree that 'Third-party organisations (e.g. British Council, inter-country business councils) are key to stronger international student recruitment to the UK'. The intensity and global nature of the competition for international students means that few, if any, business schools have the resources to do everything they would wish when marketing internationally nor to be everywhere they would want to be. Third-parties thus play a significant role in growing the overall reputation of a country as a study destination.

Just under half believe that 'A strengthening British pound has had a negative impact on international student recruitment over the last three years'.

Figure 3: Views of UK business schools on the impact of government policy, third party organisations and economic factors on international student recruitment



Programme and student numbers

Looking in detail at the development of the marketplace in the last three years, many business schools responding to the study have added new programmes. At undergraduate level 73% have added new programmes, 84% at Masters level, 40% at MBA and 22% at PhD. At the same time, 51% have closed undergraduate programmes, 45% have cut Masters, 13% have ended MBAs and 2% have closed a PhD course.



Similarly, there are variations in student numbers across the participating schools. Just over half (53%) reported rises in undergraduate numbers while 24% remained the same and 24% declined. At Masters level, 38% of schools reported increases, 23% remained the same and 38% had seen fewer students. Among MBA degrees, only 14% of schools reported growing student numbers, 26% remained the same and 60% noted declines. For PhD programmes, 38% of schools have seen increases, 45% remained the same and student number fell at 17% schools.

The changing pattern of international student numbers is not dissimilar to the total number of students. In the last three years, 52% of schools in the survey reported an increase in non-EU students at undergraduate level, 38% at Masters, 20% at MBA and 26% at PhD. At the same time, 33% reported falling undergraduate numbers, 53% at MSc, 51% at MBA and 17% at PhD.

While many business schools are positive about future recruitment of non-EU students they are also hugely concerned that a sudden change in UK border controls and/or Chinese or Indian regulations governing international students would significantly affect student numbers and income. This would affect not just business schools, but UK Universities and the broader economy. As a result, many schools are working to diversify their portfolio of overseas markets, investing in online delivery and looking to establish (or expand) campuses abroad.

Why recruit internationally?

One question that needs to be asked is what is the purpose of international student recruitment? An international classroom helps prepare students for the increasingly global nature of work that they will encounter upon graduation, it gives them different perspectives on business issues and problem solving and it can grow positive relationships for the host country with other nations in the future, something often described as 'soft-power'.

However, if one of the objectives of international recruitment is to provide domestic students with an international experience by having a multinational classroom then it is failing in many cases, especially at postgraduate level where many classrooms are dominated by a single nationality. For that national group coming to the UK, the experience is only slightly better than the experience of the UK students on the same programme. While there are opportunities outside the classroom to experience British culture and life, the experience in the classroom tends to be monocultural.

With the lifting of the cap on undergraduate numbers, a number of business schools have sought to grow the number of EU students in their classes, which will help deliver a more international experience, but these students won't pay the higher fees that non-EU students are usually required to pay.

There is of course also a financial objective to recruit from outside the EU. Business schools recruit internationally to increase their revenues. International students pay higher fees and therefore are more 'profitable' to business schools. Universities encourage international recruitment and they set business schools revenue targets in order to generate income to subsidise other parts of the university. The university sector is now very dependent on this revenue for survival.



The role of scholarships

A growing feature of international student recruitment has been the importance of scholarships to attract students, especially those from South Asia. For Indian students, the fall in the value of the Rupee in recent years has made the cost of international study more expensive. Add in growing international competition for those seeking to study and scholarships become another tool for business schools to differentiate themselves in a crowded marketplace.

Among the schools taking part in the study, 14 offered no postgraduate scholarships in the last three years, 32 offered between 1 and 5 scholarships, while 25 offered between 11 and 20. Three schools offered more than 101 scholarships to Masters students in 2015.

The growth of trans-national education (TNE)

One area of growth for UK business schools in recent years has been delivering programmes outside of the UK. Among the schools in the study **43% now deliver programmes outside the UK either on their own international campuses or through partnerships that deliver trans-national education.** Across all programme levels, schools in the survey reported an increase in non-EU student numbers on programmes outside the UK in the last three years: 59% were up at undergraduate level, 54% at MSc, 60% at MBA and 75% at PhD. Only 18% schools reported a decline at undergraduate level and 15% among Masters students with none falling at MBA or PhD.

Whilst these programmes are helping to export UK higher education around the globe and support university finances back in the UK, they are not enabling the UK to benefit from the multiplier effect that international students studying in the UK have on the UK economy.

Accreditation and rankings

Other elements that impact on international student recruitment are accreditation and rankings. External validation of the quality of a programme has an important impact on student decision-making. The main accreditation bodies are EFMD, AMBA and AACSB. In total 26 UK schools have EFMD's EQUIS accreditation, more than any other nation, while a further 10 schools have programmes with the EPAS accreditation, also offered by EFMD. AMBA has 43 UK schools currently accredited and AACSB has accredited 26 UK business schools.



Potentially more important than accreditation are the rankings, which have proliferated in recent years. Among the schools responding to the survey, 57% have a parent university that appears in the THE World University Rankings and 49% in the QS World University Rankings. One in five of the schools surveyed can be found in the Financial Times Global Full-time MBA ranking and the same number in the Financial Times European business school rankings with 14% appearing in The Economist Full-time MBA ranking.

UK business schools appearances in the Financial Times MBA ranking have been fairly consistent over the past decade. In 2006 16 UK schools appeared in the top 100, while this year that number has dropped by just one to 15. More significantly, only four Asian schools appeared in the 2006 ranking, but in 2016 that number had grown to 13. UK business schools are therefore open to increased market competition.

Market competition

Competition is intensifying with more students able to choose internationally recognised business schools in their home countries, often teaching in English at a lower cost than in the UK, and with more recruiters on campus who can offer them work in their home country. Students from outside Asia may also decide that rapidly developing economies in Asia, make studying in Asia an attractive proposition for their future career prospects.

Large and growing populations in Asia mean that the demand for higher education is growing rapidly, filling places at domestic institutions as well as creating groups who seek to study overseas. In 2009, UNESCO noted that “Nearly one-third of the world’s population (29.3%) is under 15. Today there are 165 million people enrolled in tertiary education. Projections suggest that participation will peak at 263 million in 2025. Accommodating the additional 98 million students would require more than four major universities (30,000 students) to open every week for the next fifteen years.”

Ten years ago a student at an INSEAD focus group in Singapore, conducted by CarringtonCrisp, said that he believed Asia was the future and that Singapore was a safe place to study in Asia. Today the choice of where to study in Asia is much greater with schools from South Korea, India, China and Singapore all appearing in the Financial Times Global MBA ranking.

Countries which have previously sent large numbers of students internationally are increasing their investment to improve the quality of their own higher education provision. A report in Time magazine in 2015 stated that:

“India, which sends the second-biggest number of higher education students to the U.S., is spending \$3.4 billion establishing 278 new universities and 388 colleges at home that may absorb some people who might otherwise have gone abroad.”⁹

Business schools participating in the Chartered ABS survey were asked to identify from which countries outside of the EU they recruit the largest number of international students. Each school was able to select their top five countries of origin for international students.

Six countries were identified by schools as supplying the largest number of international students – China, India, Japan, Nigeria, Pakistan and Singapore. However, **86% of the schools responding identified China as being their largest source of international students.**

The **second most important source of international students was India, identified by 33% of business schools**, with 13.9% each selecting Malaysia and Nigeria.

Across the five top senders of international students that schools could identify, UK business schools taking part in the survey identified 26 countries. All but one school identified China somewhere in its top five, followed by India, Malaysia and Nigeria.

Business schools were then asked from which countries they have had the largest increase in the number of international students in the last three years and were able to select their top three; again China was selected most often.

Figure 4: Countries identified by UK business schools as providing the largest increase in student numbers in the last three years

Country	Quantity
China	9
India	3
Japan	1
Malaysia	1
Nigeria	1
Norway	1

Country	Quantity
Oman	1
Saudi Arabia	1
Sri Lanka	1
Thailand	2
United States of America	2
Vietnam	2

⁹ Time (January 2015), How China’s economic slump could hurt American colleges

In total 20 countries were identified by schools when asked to identify the three countries providing the largest increase in international students in the last three years. China was identified by 10 business schools, followed by India (8), Malaysia and Thailand (each by 5) and Nigeria, USA and Vietnam (each by 4).

Schools were also asked from which countries they have had the largest decrease in the number of international students in the last three years and were able to select their top three. The results demonstrate the volatility and competitiveness of the international student recruitment market. Fifteen schools each selected China and India in their top three countries having had the largest decrease in numbers over the last three years.

In total 21 countries were identified in the top three countries for declining numbers of students in the last three years; ten were only identified once each. Nigeria and Pakistan were selected by 5 schools each and Malaysia by 3 schools. Eleven of the countries selected by business schools are in Asia.

Asked which countries are their main competitors for international students, Australia was mostly likely to be selected among the top competitor countries. However, across the five competitor countries that schools could select, the USA was chosen most often. Ninety-nine selections were made by business schools, who identified 18 countries in total in the top five. Of the 99 selections, 77 were English-speaking countries. A full list of the competitors and the percentage of schools choosing them is shown in the table below.

Figure 5: Percentage of schools choosing a country as a competitor to the UK when recruiting international students

Country	Percentage
Australia	25%
Austria	1%
Canada	15%
China	4%
France	5%
Germany	3%
Hong Kong	2%
Malaysia	3%
Netherlands	2%
New Zealand	5%
Russia	1%
Singapore	2%
Spain	2%
Switzerland	1%
United Arab Emirates	1%
United States of America	27%

The recruitment process

Recruiting international students to the UK is not just about attraction, but increasingly it is also about process. In part, that means good customer service, maintaining regular contact with students in the application pipeline and ensuring as much as possible a rapid turnaround of offers to candidates. It also means carefully assessing the likelihood of an applicant getting a visa as too many visa rejections threaten the institution's 'highly trusted status', without which they can't recruit international students at all.

In the study, 6% of responding business schools admitted that they automatically reject students from particular countries because of anticipated visa problems, although 76% do not, and with the remainder unclear. Three schools said they had no students refused visas after credibility interviews, 21% said it was under 5% of applicants who were turned down, 2 schools noted a rate between 5% and 10% and a further two schools indicated it was between 11% and 15%.

Using agents

Almost three-quarters of the business schools responding to the survey definitely or mostly agree that 'Agents have played an increasingly important role in helping us recruit international students'. While agents can undoubtedly fulfil an important role, such relationships need careful management and strong engagement to ensure that there is a clear understanding of the business school offer that can be communicated via agents to prospective students.

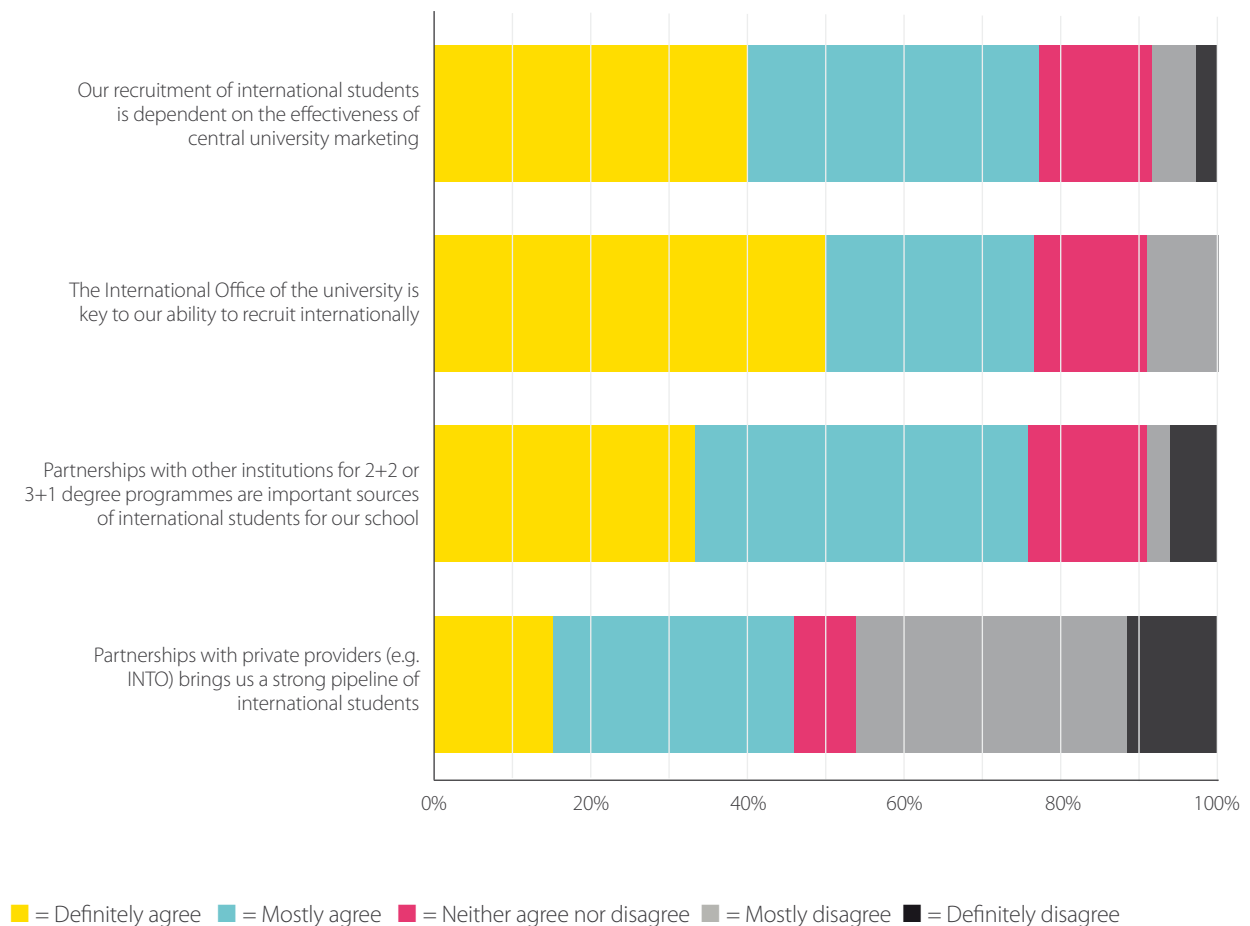
Overseas agents are also being increasingly used by a wider range of schools in different countries. Consequently, one agent may be acting on behalf of a number of institutions from a single country or multiple countries. For just under a quarter of the schools responding to the survey, agents fees have risen in the past three years while none report a decrease.

The role of the parent university

Asked for their views on a number of key international student recruitment issues, nearly 80% of the business school survey respondents definitely agreed or mostly agreed that 'Our recruitment of international students is dependent on the effectiveness of central university marketing'. For a business school alone to run a marketing campaign of the breadth required to reach a wide range of international audiences, even with the opportunities afforded by digital tools, would be an incredibly expensive operation.

It is no surprise that many business schools in large, comprehensive universities, rely on the central marketing activities, especially when it comes to physical attendance at recruitment fairs overseas and when negotiating partnership arrangements with international universities. Much work may be coordinated through an International Office in a university with particular knowledge and expertise in overseas recruitment and again nearly 80% of the survey respondents definitely or mostly agree that 'The International Office of the university is key to our ability to recruit internationally'.

Figure 6: Views of UK business schools of the impact of university policy, partnerships and activity on international student recruitment



Partnerships for growth

The growth of partnerships as a source of international students has also been important for British business schools in recent years. For some schools this has meant double degree or joint degree programmes, but for many partnerships have taken a different route. Just under 80% definitely or mostly agree that 'Partnerships with other institutions for 2+2 or 3+1 degree programmes¹⁰ are important sources of international students for our school', while nearly half also agree that 'Partnerships with private providers (e.g. INTO) brings us a strong pipeline of international students.'

Focusing on growth

Business schools responding to the survey identified two particular areas where more work was required in international student recruitment. Just short of 90% definitely or mostly agreed that 'We need to do more work to effectively target international students' and just over 90% agreed that 'Greater involvement of our global alumni would help us recruit more international students'.

Figure 7: Views of UK business schools of actions they could take or are taking to support international student recruitment



¹⁰ 2+2 and 3+1 degree programmes involve students undertaking part of their studies in the home country and part in the UK.

Alumni and third-parties

Reaching international candidates may depend on effective use of school alumni. While alumni may be unwilling or unable to make financial contributions, they are more likely to be willing to give their time to support future student recruitment. The Alumni Matters report published by CarringtonCrisp in 2015 found that among the sample of almost 7,000 international business school alumni, more than 80% would consider helping with student recruitment.¹¹

With the name of a business school on their CV, alumni have a vested interest in seeing the reputation of their school grow. One way to support the growth of the school's reputation is to help the school attract and recruit better students, but this does require planning and organisation from the school.

A number of countries now have organisations providing dedicated services to help recruit international students – DAAD in Germany, CampusFrance and the British Council are but three examples. However, among the survey respondents there is uncertainty about the benefits of collaboration. Just over 40% definitely or mostly agree that 'Collaboration among UK business schools would help all schools recruit more international students', however a similar percentage neither agree nor disagree.

Factors impacting international student recruitment

Determining which are the best places to recruit international students is far from a science. Historical trends might provide an indicator, but while India remains the second largest market for international students coming to the UK it has declined significantly over recent years. GDP growth offers another indicator alongside the size of the under 18 population, but GDP forecasts for China have tended to overestimate likely growth in the last couple of years. However Chinese numbers coming to the UK remain strong.

Some academic studies have also suggested that domestic GDP growth has a negative relationship with those moving overseas to study. The theory is that strong GDP growth means more job opportunities in domestic markets reducing the benefits of international study, while weak growth may send more students overseas in the hunt for international job opportunities.

In January 2016 The Economist forecast that the countries with the greatest percentage change in GDP in 2016 compared with 2015 would be Turkmenistan, Laos, Cambodia, Myanmar, India, Bhutan, Ivory Coast, Rwanda, Vietnam and Djibouti.¹² On past trends and GDP forecast data, the best country for the UK to recruit students from would be India, but for other reasons numbers have declined from India for several years.

Target markets for future growth

In 2013 EY produced a report that highlighted trends in growing global middle classes. The report stated that, "In Asia alone, 525 million people can already count themselves middle class — more than the European Union's total population. Over the next two decades, the middle class is expected to expand by another three billion, coming almost exclusively from the emerging world."¹³

EY went on to forecast that, "By 2030, we believe two-thirds of the global middle class will live in the Asia-Pacific region, up from just under one-third in 2009. A significant proportion of the new Asian middle class is also expected to be at the upper end of the income bracket, with impressive spending power."

Of course, forecasting is not fact and global events such as the slowing growth in the Chinese economy, the falling oil price and instability in the Middle East have meant slower global growth than anticipated.

Further data from EY suggests that, "the number of households in Mexico with annual disposable incomes over US\$50,000 is expected to reach 7.1 million by 2020, and 9.4 million in Brazil. For both countries this is an increase of over 50%." In the report, EY identified 25 rapid-growth countries and these may provide an indicator of potential targets for international student recruiters from UK business schools.

¹¹ CarringtonCrisp (2015), Alumni Matters

¹² The Economist (January 2016), Brains without borders

¹³ EY (2013), Hitting the sweet spot: Middle class growth in emerging markets

INTERVIEWS WITH BUSINESS SCHOOLS



A series of individual telephone interviews were carried out as part of the research for this report to complement the quantitative findings from the online survey. Interviews were conducted with business school deans and those with responsibility for international recruitment at the schools listed below.

Aston University Business School

Birmingham City University Business School

Coventry University Business School

Edinburgh Business School, University of Edinburgh

**Glasgow School for Business and Society, Glasgow
Caledonian University**

Greenwich Business School, University of Greenwich

**Hertfordshire Business School, University of
Hertfordshire**

Imperial College Business School

Leeds University Business School

Middlesex University Business School

Newcastle University Business School

Oxford Brookes University Business School

Royal Holloway, University of London

Saïd Business School, University of Oxford

Sheffield Business School, Sheffield Hallam University

A summary of the issues raised in the interviews is set out on the following pages.

1. Visa issues

“Brand UK education is beginning to look racist”

(Head of Recruitment)

Probably the most important issue raised by interviewees was visas. Interviewees often cited the rule changes that make it more difficult than previously for many international students to obtain a post-study work visa in the UK. Although some business schools suggested that the decline in Indian students is now levelling off, the rule changes have had a substantial impact at a number of schools. The impact of the change has been less with Chinese students, with many suggesting that the Chinese were more likely to be expecting to return to China for employment after graduating.

However, it is not just post-study work visa issues that were highlighted as making international student recruitment more difficult. Changes in visa rules at short notice and without adequate detail of the changes made recruitment more complex. Allowable visa application refusal rates falling to a maximum of 10% have also made the recruitment process more difficult, with fears that a further tightening may be considered. Some suggested that rules were also applied differently depending on the institution to which a candidate was applying.

At the same time a more open and relaxed approach to international study visas in other countries, especially Australia, Canada and New Zealand are putting the UK at a competitive disadvantage. Business schools also identified Germany and the Netherlands as growing European competitors for students, where teaching is now delivered in English on many business degrees and Masters fees are often lower or non-existent.

“The visa process takes far too long and is too restrictive. International students tend to go to where they are first accepted, and this is unlikely to be a British university given the length of time and uncertainty of the whole process.”

(Associate Dean, International)

International reporting of UK visa issues has exacerbated the problem, creating perceptions that the UK is not welcoming to international students in some cases.

The inability of students to obtain a post-study work visa has been a particular issue in the MBA market, which had already tightened following the global financial crisis in 2009. As recently as 2013, 52% of full-time MBA students in the UK were international. With it proving harder to recruit international students to MBA degrees in the UK, a number

of schools have pulled out of or considered pulling out of the full-time MBA marketplace.

Adding to the visa issue is the tightening policy around English Language testing centres and a concern that all students will need to have IELTS 6.5 or 7. Such a policy change would have a significant impact on a number of business schools, substantially reducing their ability to recruit international students. Business schools understand the importance of English proficiency and already undertake checks, but they are concerned that the level is not set so high that it becomes a barrier to good quality students.

The five year visa limit is a further complication for those who have studied on a pre-sessional or as undergraduates in the UK and wish to stay on for a postgraduate degree. Anything more than a one year postgraduate degree presents difficulties for the prospective student.

The loss of international graduates working in the UK economy produces a potential reduction in growth. International students working in the UK contribute directly in terms of the taxes they pay and the spending they undertake, but potentially more significantly they help British business to grow markets, especially in their country of origin.

For a university the problem may be more substantial. Business schools are often the largest international recruiter in a university, contributing significantly to the finances of the university as a whole. Any further tightening of the marketplace meaning fewer international students coming to the UK, may lead to a squeeze in the finances at certain universities, pushing them towards a deficit.

“Government policy is making it harder for students to come to the UK... since the removal of the post-study work visa which caused a significant drop in our Indian student numbers further damaging diversity.”

(School Manager)

2. Recruitment trends

“UK as a destination has become less attractive than the US, Canada or Australia - this is largely the consequence of post-study work visa issues.”
(Business School Dean)

Patterns of international recruitment across institutions are difficult to define with some increasing numbers significantly while others struggle. Broadly, Russell Group institutions are doing better, but that is not always the case and there can be wide variations between undergraduate and postgraduate numbers.

A number of business schools have done better with the recruitment of students from within the EU, especially in eastern Europe, but this is not true in all schools. Some have made progress in recruiting in Africa and Latin and South America, but some have few students from these areas. Even among the major countries of origin there are some schools who have grown Indian and Chinese numbers, while others have noted a decline.

Some schools have taken a targeted approach seeking students in particular markets and have supported this recruitment with additional marketing efforts. Others have attracted good numbers of international students, but struggled when it has come to converting offers in to acceptances.

Overall, the market has become much less predictable than it was five years ago with domestic political and country of origin economic issues adding to the instability. Global issues such as the fall in the oil price and consequent decline in activity in that sector have impacted on specialist Masters programmes. Interviewees commented that degrees focused on the oil and gas sector have seen numbers fall as demand for employees in this field has also declined.

Some schools suggested that the exchange rate between the British Pound and many currencies in emerging economies has also reduced international student numbers. However, as noted earlier in this report, academic research has suggested that this may not be the case.

Individual actions by a particular country such as a reduction in student scholarships to the UK from the Saudi Arabian government can have an impact in a particular year. While the loss of a recruiting licence by an in-company agent can impact numbers coming to a specific business school from a particular country. One business school admitted that their failure to recruit international students was largely due to their own international marketing strategies not being what they should be.

Competition within the UK has also intensified with schools investing in greater numbers of scholarships, incentivising agents, growing their accreditation and rankings, winning awards such as Times Higher Education's University of the Year award and entering programme markets that previously had few suppliers.

“However much you advise students (about work visas) they cling onto the hope that there will be a miracle - it is very disheartening for them. Quite a substantial number in the region used to stay on and contribute to the economy. As much as international student recruitment is meant to be a growth area, the UK visa policy is making it more and more challenging.”

(Marketing and Student Recruitment Manager)

3. The student experience

“The view in India particularly is that the UK does not want Indian students.”

(Business School Dean)

The inability of many students to obtain a post-study work visa has spurred many schools to think how they can provide support to students in their careers. A start point has been to offer career development workshops and equip students with the tools to enhance their career search and employment once they return to their home countries.

A growing number of schools provide in-company consulting projects for students on postgraduate programmes, providing experiential learning and application of classroom theory. Additionally, students have something additional to put on their CV when applying for full-time jobs. Some schools have begun to offer placements or internships as part of a degree programme, offering extended work experience in the UK or in some cases internationally to enhance the attractiveness of the degree and to add to a student's CV.

Focus on the student experience is becoming increasingly important as physical or virtual word of mouth plays an important part in attracting future students. While schools work hard to deliver a strong academic experience, one of the areas that many are focused on is diversity in the student cohort. Large classes of overwhelmingly Chinese students provide little by way of an international experience for Chinese students nor for those from other countries.

“The projections are that inbound to the UK is not going to go up - it is going to be a tougher market so there has to be a quality offer, quality product and quality student experience. It would seal it for the UK if they could offer guaranteed placements, but they can't.”

(Associate Dean Recruitment and Resourcing)

4. The use of alumni

“Return on investment and the value of overseas exhibitions and travel is not easy to justify. We have seen value in digital marketing and involvement of alumni, however, the brand building and market presence remains important.”

(Postgraduate Recruitment and Admissions, Head of International Development)

An important route to get marketing messages to future students is the use of alumni, but while those interviewed made some use of alumni, especially at recruitment fairs, most felt there was much more to be done. In one case a university-wide approach to alumni meant it was difficult to segment audiences and use appropriate alumni in the right circumstances. Another suggested that a focus on fundraising had meant there was little attention paid to the potential of alumni as supporters of student recruitment.

Some schools make more extensive use of alumni with them supporting in-country recruitment offices, as programme ambassadors answering questions online, participating in webinars, providing content for social media stories, and taking roles on international advisory boards.

5. Building partnerships

**“Increased forecasts for student recruitment to the UK is la la land.”
(Business School Dean)**

One response among some business schools has been to develop partnerships with overseas institutions providing degrees that are described as 2+2 or 3+1 with part of the studies in the home country and part in the UK. One advantage has been that students have improved their English before coming to study in the UK.

Additionally, fewer of the students on these partnership degrees tend to be denied a visa. Many of the programmes involve a Chinese partner, which again tends to mean fewer visa issues. One school indicated that partnership degrees provide between 50% and 60% of their international undergraduate students.

However, some schools have found such arrangements to be poor value and have reduced their involvement, while others have sufficient students already and have no plans to adopt such partnerships.

Other schools have entered in to arrangements with private organisations such as INTO and Cambridge Education Group who develop a pipeline of international candidates through programmes such as foundation courses.

A few schools as part of their parent university have developed overseas campuses, but few of those interviewed, who had not already embarked on such an approach, were planning to do so in the future.

Two institutions based outside of London mentioned the development of their London campuses, which tend to be dominated by international students. One dean even commented, that “We regard London as an overseas campus”.

**“The decline is down to the attractiveness of the UK as a destination and the hoops that students have to jump through in order to get here compared to European schools.”
(Acting Head of Marketing and Alumni Relations)**

6. The Future

**“We need them (the government) to realise what they are doing and the GDP we are losing because of it.”
(Business School Dean)**

Globally, predictions suggest that internationally mobile student numbers may grow to as many as 8 million by 2025¹⁴. However, many of the business schools interviewed were focused more on consolidation. One dean commented that if his school has the same number of international students in 5 years time as today, he would take that.

Another dean concluded that immigration and visa policy isn't going to change under the current government, but more predictability of decision-making within the current policy settings would be useful.

Another commented that their projections are that inbound students to the UK are not going to go up, instead it is going to be a tougher market so there has to be a quality offer, quality product and quality student experience.

By contrast a further dean suggested they would prepare for greater numbers whilst putting fees up and increasing International English Language Tests (IELTS). Having doubled their international student cohort in the last seven years and being somewhere between 10% and 15% ahead of target this year, capacity was being squeezed and the focus should be on quality rather than quantity.

Alongside consolidation the main focus of many business schools is growing the diversity of their international student cohort. Schools recognise that over reliance on China is dangerous and offers a poor student experience for Chinese and other students.

Some schools also mentioned plans to develop and introduce new postgraduate programmes and will be seeking to grow placement opportunities.

However, one interviewee feared that the future would be more competitive; the Higher Education Green Paper would mean more further education colleges taking international students, getting university status and offering a cheaper study option.

¹⁴ Bob Goddard (2012) Making a Difference: Australian International Education

CONCLUSION

The international student recruitment market will continue to grow in the next decade with the pace of that growth likely to be determined by the rate of economic growth in emerging markets, especially those in Asia. However, the UK is at risk of having a declining share of that market even if actual numbers did continue to grow.

In recent years, the pattern of international student recruitment to business and administrative degree programmes in the UK has at best been uncertain. While some business schools have managed to grow their intake, much of that increase has come from Chinese students, producing classes—which can be dominated by a single national group and offering little of an international experience.

For other business schools the market has become much tougher. The introduction of changes to the post-study work visa regime has undoubtedly reduced the number of Indian students choosing the UK. Further changes to the visa regime have complicated matters, especially sudden changes to elements of the rules, complicating matters for prospective students and the business schools seeking to recruit them.

At the same time competition for international students has intensified. A number of governments, most notably those from Canada and Australia, have sought to liberalise their visa regimes and/or promote their attractiveness more widely. More Asian business schools have been more highly ranked in influential reviews of business schools. More schools outside the UK have offered degrees taught in English and UK schools tend to be more expensive than many of their European competitors. All of these put together have created a difficult climate for UK business schools to recruit internationally.

Overall numbers show little change from five years ago, but mask significant differences across the level of degree and students' country of origin. Among postgraduate taught degrees, especially the MBA, the decline in international students coming to the UK is noticeable. Although again, not all schools have suffered in the same way, with some anticipating the tougher climate, investing more in marketing and targeting new markets, resulting in rising numbers.

The economic impact of the changes has largely not yet been felt within the university sector in the UK. However, the decline in 2014/15 in non-EU enrolments on business and administration courses which saw £133.5 million losses to universities and local areas, may just be the tip of the iceberg. The losses in postgraduate fees could pose a more disruptive risk. The decline of postgraduate fees may currently stand at

around £34 million compared with 2010/11. A further £38 million has been lost in secondary spend in UK university towns. With the total value of the postgraduate market at UK business schools likely to be worth over £1.1 billion in fees and off-campus spend annually, further similar declines in international student numbers over the next five years, would mean the sector shrinking by more than 10% in a decade when globally it will have been growing.

UK business schools understand the nature of competing for the best students and the considerable challenges they face in domestic markets. Alongside additional marketing activity, many are engaging their international alumni to support student recruitment, building partnerships with international providers and private partners, enhancing the international student experience with placements and internships, growing a comprehensive career support offer and seeking external accreditation and ranking success. Others are building international reputations through digital learning and some have created campuses outside the UK. There is much to celebrate in the international achievements of UK business schools.

However, the current visa regime does nothing to help UK business schools in the increasingly competitive international student recruitment market.

There needs to be a clear positioning of UK business schools internationally, supported by messages from government that the UK is not only open to international students, but is keen to have diverse, international cohorts in its business schools and universities.

The visa regime that exists must be implemented consistently without short notice changes. Clarity is essential for students considering the UK and for business schools planning the number of students they will have on campus.

Ideally, the Government should review the long term impact the current visa regime is having on international student recruitment to the UK. Without change, it is not only business schools that will suffer, but their parent university and the local communities that they are part of will suffer too. In the longer term, the UK may find that its global influence declines as alumni in senior positions in business, government, cultural, academic and research fields around the globe have instead attended Canadian, Australian, American or other nations for their higher education.

We are grateful to the business schools and universities that took part in the online survey:

Aberystwyth University
Aston Business School
Birmingham Business School
Brighton Business School
Cardiff Business School, Cardiff University
Cardiff School of Management, Cardiff Metropolitan University
Cass Business School
Chester Business School
Coventry Business School
Essex Business School
Glasgow School for Business and Society
Guildhall Faculty of Business & Law
Hertfordshire Business School, University of Hertfordshire
Hull University Business School
Hult / Ashridge
ifs University College
Kent Business School
Lancaster University Management School
Leeds University Business School
Lincoln Business School
Liverpool Hope Business School
Manchester Metropolitan University Business School
Middlesex University Business School
Newcastle Business School, Northumbria University
Nottingham Business School, Nottingham Trent University
Nottingham University Business School
Oxford Brookes University Faculty of Business
Plymouth Business School
Royal Holloway School of Management
Saïd Business School, University of Oxford
School of Business & Economics, Loughborough University
School of Business, University of Central Lancashire
Sheffield University Management School
Staffordshire University Business School
Sussex University
Ulster University Business School
University of Aberdeen Business School
University of Bristol School of Economics, Finance and Management
University of Edinburgh Business School
University of Greenwich Business School
University of Huddersfield Business School
University of South Wales Business School
Winchester University Business School
York St John Business School

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We are the voice of the UK's business and management education sector. We support our members to maintain world-class standards of teaching and research, and help shape policy and create opportunities through dialogue with business and government.

The UK's business and management education sector represents nearly 1 in 5 university students and contributes

£3.25b to the UK economy. Its management students go on to lead global businesses and its entrepreneurs contribute to our dynamic economy. Its research has an impact across society and helps to turn our capacity for invention into viable businesses. Our members consist of 121 business schools and higher education providers, as well as affiliate stakeholders, corporate members and international partners.



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