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**Issues paper**

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This report is for information

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This report examines shifts in enrolments of international students in higher education in England, and explores what might have caused them. It focuses on the entrant student population, which indicates the latest developments in student enrolments. It is one of a series of analyses by HEFCE of current data and future trends in higher education.

# Global demand for English higher education

## Latest shifts and trends

# Global demand for English higher education: Latest shifts and trends<sup>1</sup>

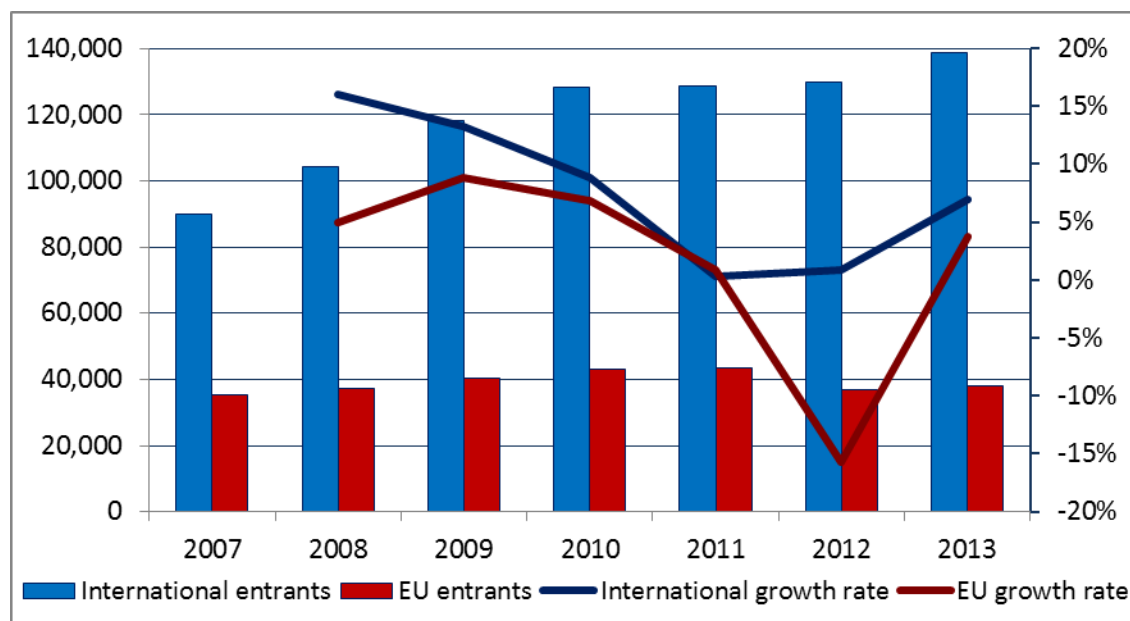
This report examines shifts in enrolments of international students in higher education in England, and explores what might have caused them. It focuses on the entrant student population, which indicates the latest developments in student enrolments. It is one of a series of analyses by HEFCE of current data and future trends in higher education.

1. International and EU student numbers in higher education in England experienced a modest recovery in 2013 compared with the previous year. This analysis focuses on entrants' data, which record the new student enrolments only in the respective academic year as compared with the total number of students<sup>2</sup>.

## Overview

2. Figure 1 shows that there was a 4 per cent (1,395 entrants) increase in European Union (EU) entrants to full time higher education in 2013, compared with the previous year, and that their numbers reached 38,140. However, the number of entrants remained 12 per cent (5,065 students) below 2010 levels. International entrants increased by 7 per cent (9,020 entrants) during the same period, and their numbers reached 138,865<sup>3</sup>.

**Figure 1: Annual changes in EU and international full-time entrants (undergraduate and postgraduate) 2007 to 2013 – absolute numbers and growth rates**



Source: Analysis of the HESA standard registration population at English HEIs, 2007-08 to 2013-14. Note: growth rates shown are year-on-year.

<sup>1</sup> HEFCE would like to acknowledge the helpful contribution from Vincenzo Raimo (Pro-Vice-Chancellor, Global Engagement, University of Reading) to the analytical framework, and feedback from Michael Peak (Education Research Manager, British Council) and John Law (Higher Education Adviser, British Council).

<sup>2</sup> This analysis does not include students from the Channel Islands.

<sup>3</sup> 'International entrants' refers to students from outside the EU.

3. The sections below study in detail undergraduate and postgraduate entry to higher education in England.

## **Demand for undergraduate education**

### EU students

4. While there was a 7 per cent recovery in EU undergraduate entrants (1,200 entrants) in 2013 compared with the previous year, this is still 16 per cent (3,745 entrants) below 2010 entry levels. Entry to first degree programmes is still 2,775 entrants below 2010 levels. EU demographics present another challenge to English HEIs in recruiting EU students, in addition to the hike in tuition fees in 2012. Except for the Netherlands and Luxembourg, EU member states have seen significant declines in their 18-year-old population since 2010<sup>4</sup>.

5. Some of the largest EU countries of origin for undergraduate students, such as Germany and France, continued to decline. Since 2010, first degree entrants from Germany and France dropped by 42 per cent (940 entrants) and 30 per cent (735 entrants) respectively.

6. The EU countries with the largest growth in first degree entrants in 2013 compared with 2010 are Italy (365 entrants), Hungary (140 entrants), Portugal (135 entrants) and Spain (100 entrants). Other than Hungary (for which data are not available), these are all among the countries with the highest levels of graduate unemployment<sup>5</sup>. Improving their employability prospects with an English degree may be among the key decision-making factors students from these countries consider when weighing their study options. In addition, the Mediterranean countries (Spain, Portugal, Italy, Greece and Cyprus) have experienced the largest declines in their real gross domestic product over the past two years<sup>6</sup>. Spain and Italy were also among the countries with the largest absolute declines in their 18-year-old populations since 2010, which suggests that the economic drivers towards studying in England are overriding the demographic ones.

### International (non-EU) students

7. International (non-EU) entrants to full-time undergraduate courses grew by 8 per cent (3,960 entrants) in 2013 compared with the previous year. Their number reached 54,250 entrants. Students from East Asia continued to drive undergraduate entry to England. Malaysia had the strongest growth, of 35 per cent (1,040 entrants). Hong Kong and Singapore continued their growth trajectories from previous years, with 13 per cent growth (580 entrants) 21 per cent (340 entrants) respectively. There has been a slowdown in entrants from China to 3 per cent growth, (545 entrants). Entry from Nigeria grew by 17 per cent (370 entrants).

8. The above suggests that growth in undergraduate entrants is concentrated in countries which are strong in transnational education (TNE) delivered by English HEIs. These countries

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<sup>4</sup> Based on Eurostat data at <http://ec.europa.eu/eurostat/web/population-demography-migration-projections/population-data/database> (accessed on 9 February 2015).

<sup>5</sup> See <http://ec.europa.eu/eurostat/web/education-and-training/data/database> (accessed on 21 January 2015).

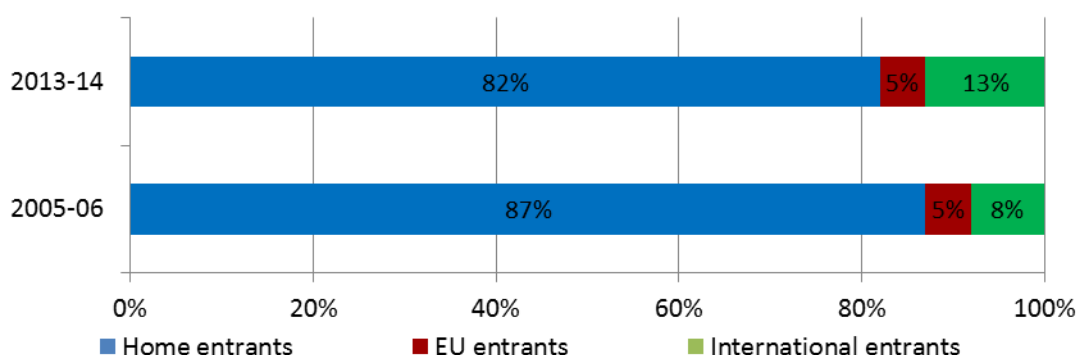
<sup>6</sup> Gross domestic product (GDP) is a measure of the economic activity, defined as the value of all goods and services produced less the value of any goods or services used in their creation. For further details see: <http://ec.europa.eu/eurostat/tgm/web/table/description.jsp>. For details on data, see: <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=1&pcode=tec00115&language=en>

also have a strong progression rate from TNE courses into undergraduate courses delivered in England<sup>7</sup>.

9. Decline in Indian students' entry has levelled off in 2013, and has remained almost unchanged compared with the previous year (a decline of only 15 entrants). Saudi Arabia continued to decline (by 18 per cent, 205 entrants) and its numbers have more than halved compared with 2010 (54 per cent decline, 1,105 entrants).

10. Stronger growth in numbers of international students compared with home and EU students increased their proportion in the total makeup of the full-time undergraduate population, from 8 per cent in 2005 to 13 per cent in 2013, as shown in Figure 2. EU students have fluctuated throughout the studied period, but their proportion has remained unchanged. The proportion of home students dropped from 87 per cent in 2005 to 82 per cent in 2013.

**Figure 2: Proportions of full-time undergraduate entrants by student domicile in 2005 and 2013**



Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 and 2013-14.

### Demand for postgraduate education

11. Having declined in 2012 for the first time in decades, demand for postgraduate education bounced back in 2013. Compared with 2012, numbers of international and EU entrants grew by 6 per cent (5,060 entrants) and 1 per cent (195 entrants) respectively. Overall numbers of non-UK entrants in postgraduate education in England reached 103,680.

12. Growth in entrants in 2013 was mainly driven by an increase in the numbers of Chinese and Malaysian students: Chinese students increased by 9 per cent (2,615 entrants), to reach 31,195 entrants in total, while Malaysian students increased by 30 per cent (500 entrants) to reach 2,180 entrants in total. As argued in HEFCE 2014/29 China has a very high (56 per cent) progression rate of students who started their undergraduate education in England through the means of a TNE course and progressed to postgraduate studies. Further analysis of the latest 2013 HESA data will aim to determine the exact contribution of transnational students to postgraduate courses delivered in England.

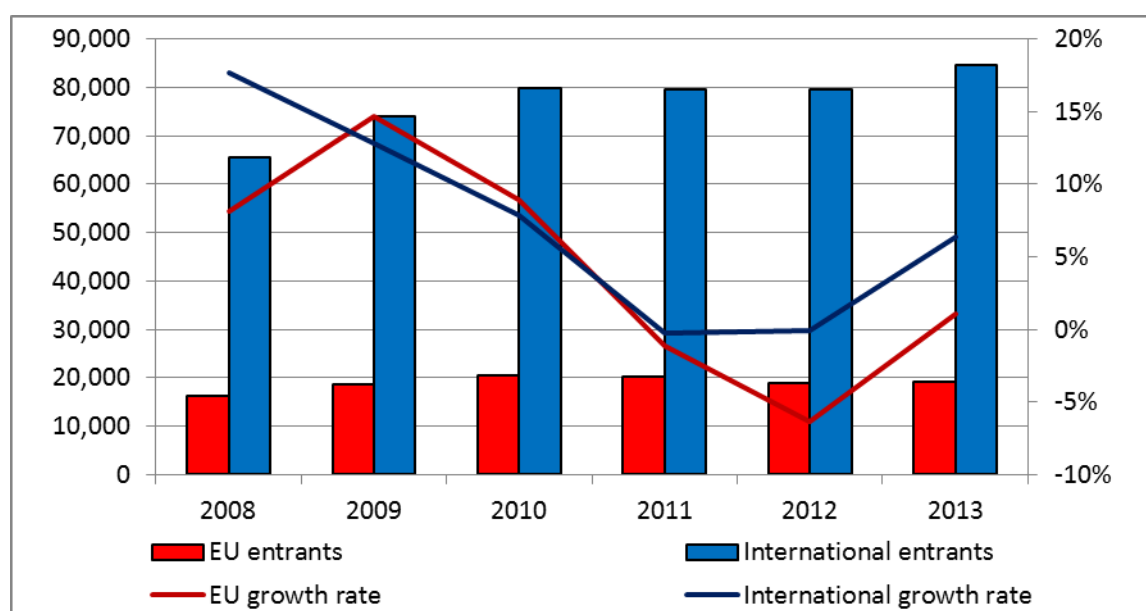
13. A lot of the growth beyond China appears concentrated in countries which are heavily reliant on government-sponsored scholarships. There was continued growth for Indonesia and

<sup>7</sup> 'Directions of travel: Transnational pathways to English higher education' (HEFCE 2014/29), [www.hefce.ac.uk/pubs/year/2014/201429/](http://www.hefce.ac.uk/pubs/year/2014/201429/)

Iraq, whose student entry numbers grew by 41 per cent (240 entrants) and 21 per cent (195 entrants) respectively. There was a recovery in demand from other scholarship countries, like Saudi Arabia (19 per cent, 360 entrants) and Libya (81 per cent, 275 entrants), but their numbers remain significantly below the 2010-11 levels (by 550 and 290 fewer entrants respectively). Other countries with high growth in postgraduate entrants were Thailand and Bangladesh. The long-term sustainability of growth in postgraduate entry is uncertain.

14. Figure 3 shows that, while growth rates have recovered since 2012, they remain low compared with the period pre-2010.

**Figure 3: Annual changes in EU and International entrants to full-time postgraduate programmes 2008 to 2013 – absolute numbers and growth rates**



Source: Analysis of the HESA standard registration population at English HEIs, 2008 – 2013. Note: growth rates shown are year-on-year.

15. Compared with 2012, numbers of postgraduate entrants from India continued to decline in 2013 by a further 8 per cent (560 entrants) whereas numbers from Pakistan remained almost unchanged. Entrants from India more than halved compared with the levels in 2010 (a decline of 54 per cent, 7,600 students). This is in contrast to student flows from India to other English-speaking countries: overall enrolments from India increased by 6 per cent in the US (3,650 students) and 33 per cent in Australia (4,105 students) in 2013, with growth concentrated in postgraduate studies.

16. Decline in student numbers from India continues to affect a number of broad subject areas, such as science, technology, engineering and mathematics (STEM) and business-related subjects. Reduced demand from India resulted in 4,680 fewer entrants to STEM subjects in 2013 than in 2010 (a 66 per cent decline). The subjects which were most popular with Indian students in the US and Australia were in the areas of STEM (mainly computer science), business and commerce. While causality cannot be established with the existing data, some Indian postgraduate students who might otherwise have chosen to study STEM or business-related subjects in England appear to be pursuing these subjects in competitor countries.

17. Decline in demand from key countries contributing postgraduate students has affected the composition of the full-time postgraduate student body in England. A combination of declines and decelerated growth rates in these countries has contributed to high reliance on China (See Table 1). Over 37 per cent of the total non-EU entrants to postgraduate studies are Chinese, which shows a high degree of dependence on one country.

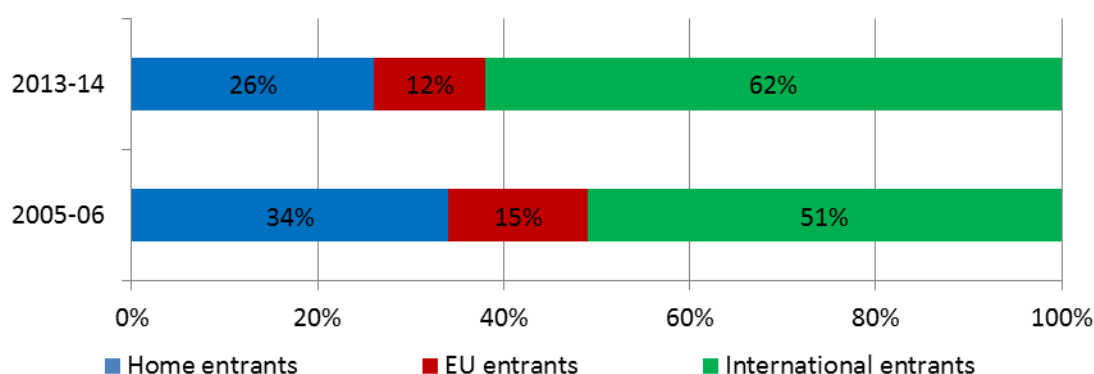
**Table 1: Full-time postgraduate entrants – change in non-EU countries’ shares between 2010 and 2013**

Country	Share in 2010 (full-time students)	Share in 2013 (full-time students)	Change
China	25%	37%	+12%
India	18%	8%	-10%
Nigeria	7%	6%	-1%
USA	6%	6%	0%
Pakistan	4%	2%	-2%
Saudi Arabia	4%	3%	-1%
Other countries	36%	38%	+2%
Total	100%	100%	

Source: Analysis of the HESA standard registration population in 2010 and 2013.

18. Figure 4 shows that full-time postgraduate taught masters courses delivered in England rely primarily on international demand. Non-UK entrants accounted for 74 per cent of all full-time taught masters students in 2013.

**Figure 4: Proportions of full-time taught masters entrants by student domicile in 2005 and 2013**



Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 and 2013-14.

19. The proportion of full-time taught masters entrants who were international increased from 61 per cent in 2012 to 62 per cent in 2013. The proportion of EU entrants dropped by 1 per cent (to 12 per cent in 2013), whereas the ratio of home entrants remained unchanged at 26 per cent. The latter has declined significantly from 34 per cent in 2005.

20. There are almost equal proportions of home and Chinese entrants to full-time taught masters courses. The proportion of Chinese entrants reached 25 per cent in 2013 (up from 23 per cent in 2012, to reach 29,360 entrants in total), almost matching the proportion of home students (26 per cent).

21. Entry to full-time postgraduate research degrees was strong both for EU and international students, whose numbers grew by 11 per cent (335 additional entrants) and 10 per cent (800 entrants) respectively. Total full-time entrants to research degrees reached 12,740 in 2013.

22. Like undergraduate demand, growth in EU entry to postgraduate research degrees in 2013 compared with the previous year was mainly driven by Italy (130 new entrants, 705 in total) and Spain (65 new entrants, 285 total).

23. International (non-EU) countries present a more varied picture when it comes to growth. Growth in full-time entry to research degrees was boosted by continued demand from:

- China, rising by 12 per cent (170 entrants) to 1,655 entrants in total
- Iraq, which almost doubled its entrants – a rise of 99 per cent (300 entrants) to 610 total entrants) – to become the third largest contributing country for postgraduate research students
- Malaysia, rising by 23 per cent (85 entrants) to 460 total entrants
- Libya, rising by 37 per cent (65 new entrants) to 245 total entrants).

24. Iraq and Malaysia's governments funded more than half their new entrants (53 per cent and 55 per cent respectively), while the Libyan government sponsored over three quarters of the commencements in postgraduate research (76 per cent). Most of the growth in students from these three countries is attributable to increases in funding provided by the relevant government.

### **International comparisons with the USA**

25. For international perspective, Figure 5 compares international (and EU) student demand (undergraduate and postgraduate) for higher education in England with that in the USA. Data on new enrolments in the USA are not available, so the comparison is limited to the growth rates of international enrolments in the two countries.

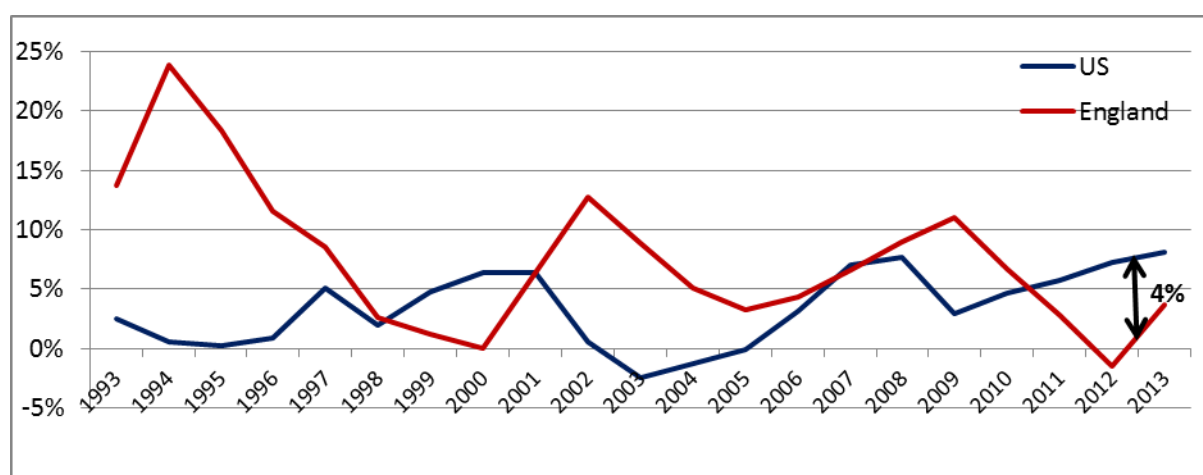
26. Figure 5 shows that each country's growth is associated with periods of negative or decelerated growth rates in the other country. England and the USA recruit students from a similar pool of countries (with a few differences linked to recruitment from nearby countries). When a decline in students recruited from a specific country to England coincides with a similar rate of increase from the same country to the USA, this suggests a possible displacement of students.

27. Figure 5 also suggests that the year-on-year growth in international enrolments to England has been higher overall than in the USA. The two periods when growth in international demand was lower than in the USA were the aftermath of the Asian financial crisis of 1997 (which affected disposable income in Malaysia and Singapore, two of the largest contributors of

students at the time), and the period following 2010. Overall international enrolment growth in England was 4 per cent in 2013, which was 4 per cent lower than that recorded in the USA.

28. Another important aspect is the capacity of the respective systems. Full-time international entrants in England constituted 18 per cent of the total entrants in 2013, which is significantly higher than international enrolments in the USA, which were 4.2 per cent of the total enrolments in the same year<sup>8</sup>. There is an indication that US universities are increasingly using agency recruitment and third parties' pathway programmes, which is likely to present an additional challenge to English HEIs in their recruitment efforts overseas.

**Figure 5: Year-on-year growth rate in higher education international enrolments in England and the USA, 1993 to 2013**



Source: 1993 figures for England are sourced from University statistics (published by the former Universities Funding Council) and from 'Statistics of education students in further and higher education' published by the former Department for Education. Figures for the UK from 1994 to 2013 are sourced from 'Students in higher education institutions, published by the Higher Education Statistics Agency<sup>9</sup>. The US data are based on analysis of Open Doors data published by the Institute for International Education, USA.

## Conclusions

29. International student numbers have recovered in England, but their growth rates remain low compared with English-speaking competitor destinations.

30. In addition to the increases in undergraduate tuition fees, undergraduate demand from the EU since 2010 has been challenged by a declining university-age population across most of the EU member states. Italy and Spain drove growth in demand for undergraduate and postgraduate education. They were among the countries with the highest youth unemployment and declines in the volume of economic output, which highlights the counter-cyclical nature of demand for English higher education in these two countries, notwithstanding the major demographic declines.

31. China and Malaysia continued to drive growth in entry to undergraduate and postgraduate programmes. HEFCE 2014/29 showed that more than half the students from these two countries

<sup>8</sup> International enrolments (compared with total entrants) are the nearest comparable figure for the USA.

<sup>9</sup>See <https://www.hesa.ac.uk/>.



commence their undergraduate degree through transnational education courses delivered by British institutions overseas. A challenge in the medium to long term, which relates to dependency on demand from China and Malaysia, is associated with these countries' aspirations to be international education hubs. Growth rates in numbers of international students to China and Malaysia are already high. While there is little evidence of direct competition at present, growing domestic capacity and continued investment in education systems may create an attractive and economically viable proposition for some of the students in the East Asia region seeking overseas education. China presents further challenges through a fast decline in its youthful population. Our analysis of the United Nations Population Division data shows that China's 20-year-old population is expected to decline by 40 per cent in the period from 2015 to 2020, compared with the period from 2005 to 2010<sup>10</sup>.

32. A combination of continued growth from China coupled with decline or decelerated growth from other countries has led to an overreliance on China at postgraduate level. The proportion of Chinese entrants to full-time taught masters programmes almost equals the proportion of home students (25 per cent and 26 per cent respectively).

33. Growth in postgraduate demand outside China has been mainly concentrated in countries with strong government-funded scholarship programmes. While this demonstrates an excellent value of English postgraduate degree for overseas national governments, this may be an area of vulnerability if these countries shift their funding priorities. The long-term sustainability of this growth will be further challenged if privately funded demand for postgraduate education continues to decline.

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<sup>10</sup> The population data are available at [http://esa.un.org/unpd/wpp/unpp/panel\\_population.htm](http://esa.un.org/unpd/wpp/unpp/panel_population.htm)