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Issues paper

This report is for information

This research studies pathways that international students use to start their first degrees in England, and their subsequent progression to postgraduate study.

Transnational pathways to higher education in England

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Transnational pathways to higher education in England

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Of interest to those responsible for	International higher education; International offices; Global engagement office; International partnerships.
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Executive summary

Purpose

1. This research studies pathways that international students use to start their first degrees in England. It focuses on pathways onto first degree courses associated with the transfer of students from overseas education establishments and from transnational education (TNE) courses provided by UK education providers overseas, and then studies their progression into postgraduate programmes delivered in England. While the focus remains on the transnational students, this research identifies other cohorts of students who progress from undergraduate into postgraduate education in England.

Key points

International undergraduate entrants

2. Growth in international student demand at undergraduate level was concentrated in East Asia, mainly in countries strong in TNE and with high progression rates of students from courses delivered abroad to first degree programmes in England. More than half of the growth in international entrants in 2013-14 is attributed to growth in entrants from China, Malaysia and Hong Kong.

TNE entry

3. One-third of all first degree entrants in 2013-14 (17,140 entrants) began their first degree through the means of a transnational pathway. These students are referred to as 'transnational students'. Entrants from China and Malaysia made up 70 per cent of all entrants. More than half of the first degree entrants from China and Malaysia started their course outside the UK (55 per cent or 8,585 entrants and 61 per cent or 3,360 entrants respectively).

4. Students studying business, management and administrative studies courses have the highest propensity to use transnational pathways. Almost half of the entrants in this subject area (49 per cent, 9,525 entrants) had started their studies overseas.

Postgraduate progression

5. Students starting their first degree through transnational pathways were found to have much higher progression rates into postgraduate study than other international students. About 64 per cent of the Chinese transnational students who commenced their first degree programme in 2011-12 were found on postgraduate programmes in 2013-14.

6. The research also studied how many of the postgraduate entry population in 2013-14 had studied previously in the UK. Given the larger size of the postgraduate entry cohort, the proportional contribution of transnational students is less than the above figure. It remains high for China, however: 17 per cent of the total postgraduate Chinese entrants (5,315 entrants) were transnational students.

7. This analysis also identified the European Union (EU) countries with the highest proportions of students who had previously studied in the UK. EU students paying the higher tuition fees introduced in 2012-13 are expected to graduate in the current 2014-15 academic year. If these students' propensity to further their studies diminishes, the countries with the highest proportions of students who had previously studied in the UK are most likely to be affected.

Action required

8. No action is required.

Introduction

9. An earlier analysis carried out by HEFCE, 'Global demand for English higher education: Latest shifts and trends' (HEFCE 2015/02), showed that growth in entrants enrolling in first degree in England in 2013-14 was concentrated in East Asia¹. The largest increases were in student numbers from Malaysia, Hong Kong, China and Singapore². These countries and territories are among the UK's most popular destinations for transnational education (TNE) programmes.

10. This research updates the findings presented in 'Directions of travel: Transnational pathways into English higher education' (HEFCE 2014/29), and provides insights on the impact of transnational students on demand for postgraduate degrees³.

11. This report uses the term 'transnational entrants' to refer to students who are transferring from courses delivered overseas by UK education providers, overseas branch campuses of English higher education institutions, or courses delivered by foreign institutions overseas, onto first degree programmes in England which lead to a bachelor degree. International students who undertake their first degree fully in England are referred to as 'other international students'.

The importance of transnational pathways

12. A third of the international entrants to first degree programmes in 2013-14 transferred from programmes delivered overseas (33 per cent, 17,140 entrants)⁴. This high proportion emphasises the importance of universities' engagement in transnational education delivery and strategic engagement with overseas partner institutions.

13. This analysis separates the two student groups, transnational students and other international students (recruited directly by the university and progressing through programmes delivered by for-profit pathways providers), and explores whether they have followed similar growth rate patterns in the period from 2009-10 to 2013-14.

14. Figure 1 plots transnational and other international entrants to first degree programmes, and shows their respective year-on-year growth rate. The slow-down in growth of international student numbers experienced after 2010-11 first affected other international students, whose growth decelerated in 2011-12. Transnational students' growth rate decelerated moderately in 2011-12, but remained at a higher level compared with other international students. Transnational students thus cushioned slow-down among other international students in 2011-12, and provided higher education institutions (HEIs) with a year in which to respond to changes in the external recruitment environment. After a year's lag the slow-down in growth rates spread to transnational students in 2012-13. This one-year delay may be attributed to prior

¹ Available online at www.hefce.ac.uk/pubs/year/2015/201502.

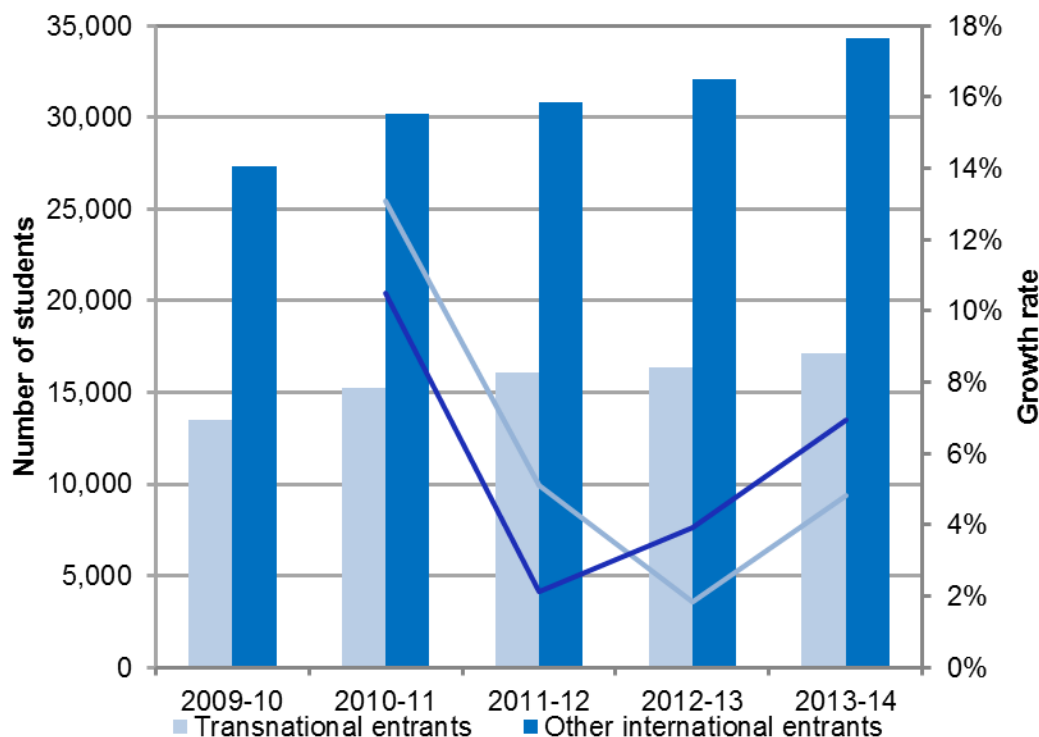
² Hong Kong is a Special Administrative Region of China. Throughout this report, 'China' is used to refer to China excluding Hong Kong.

³ HEFCE 2014/29 is available online at www.hefce.ac.uk/pubs/year/2014/201429/. The analysis presented in this paper is based on a methodology developed in-house which captures progressions into first degree programmes from TNE pathways. Any further refinements in the methodology will affect the numbers presented in this analysis.

⁴ There are some minor differences between the international student population used in this analysis and the Higher Education Statistics Agency standard registration population. This allows better recording of the transnational student population. The data methodology behind this analysis is explained in Appendix A of HEFCE 2014/29.

arrangements between the affected HEIs and their overseas partners, according to which students were already awaiting progression to courses in England in 2011-12 from courses with the overseas partner institutions or branch campuses.

Figure 1: Annual changes in transnational and other international entrants to first degree programmes in England, 2009-10 to 2013-14 – absolute numbers and growth rates



Source: HEFCE analysis of Higher Education Statistics Agency (HESA) standard registration population at English HEIs, 2009-10 to 2013-14. Growth rates shown are year-on-year.

15. China continues to drive the growth in transnational entrants: 55 per cent of the total number of international students from China (8,585 entrants) commenced their studies overseas. Transnational entrants had a slightly higher growth rate than other entrants from China (4.1 per cent compared with 3.5 per cent).

16. Malaysia continues to be the country with the highest proportion of its international student population entering first degree programmes in England through transnational pathways (61 per cent, 3,360 entrants). However, the high growth rate in Malaysian students in 2013-14 was mainly driven by other international entrants (15.5 per cent, compared with transnational entrants' growth of 6.1 per cent).

17. Table 1 shows the countries and territories with the highest numbers of transnational entrants to first degree programmes in England in 2013-14.

Table 1: Largest countries for transnational entrants to first degree programmes in 2013-14

Country or Region	Transnational proportion	Transnational entrants	Other international entrants
China	55.4%	8,585	6,915
Malaysia	60.9%	3,360	2,155
Hong Kong	12.9%	610	4,125
Nigeria	25.3%	605	1,790
Bangladesh	65.9%	540	280
India	16.4%	325	1,655
Vietnam	40.4%	320	475
Pakistan	28.7%	255	635
Sri Lanka	51.9%	225	210
Singapore	11.5%	215	1,665

Note: Hong Kong is a Special Administrative Region of China. Source: HEFCE analysis of HESA standard registration population data, 2013-14. Note: differences between the first degree entrants in this analysis and the HESA standard registration population are due to the methodological considerations.

18. A key feature of transnational students is that they spend fewer years in England than those on a traditional undergraduate degree. There are almost equal proportions of students starting their first degrees in the second and third years of their programmes (41 per cent and 40 per cent respectively). This may be exerting financial pressure on HEIs continuously to enrol new students who study for shorter periods of time. It also highlights that any data analyses of student entrants should take into account their expected course lengths.

Pathways to first degree programmes in England

Focus on China

19. About 55 per cent of all Chinese entrants to English higher education started their first degree through a TNE pathway. Further details of these entrants are provided in Figure 2.

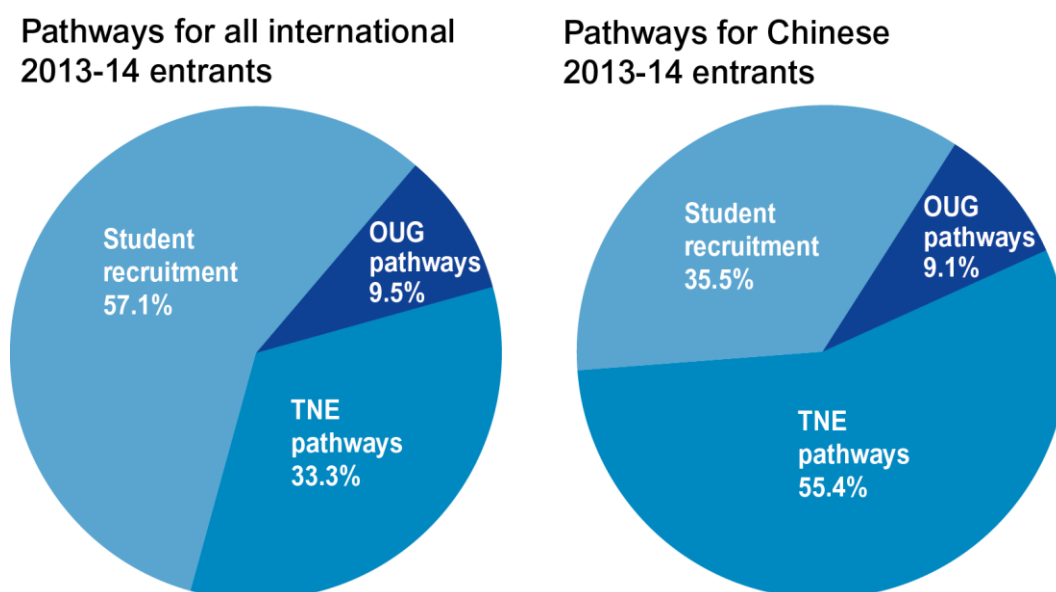
20. Figure 2 compares the pathways used by all international students with those used by Chinese students. It shows that students directly recruited from China by the universities (including education agents and for-profit providers) amount to just over a third of the total students (36 per cent).

21. In addition to the transnational students, some international students entered first degree programmes from other undergraduate courses. The majority of these students were found to have already studied at a UK college⁵. 'Student recruitment' includes international students recruited directly by the university, and students recruited by private for-profit pathway providers.

⁵ Based on examination of the Individual Learner Record.

The latter group of students are impossible to identify on the HESA record given they are only reported to HESA once they progress into first degree study with the respective university

Figure 2: Entry pathway for 2013-14 international entrants to first degree programmes



Source: HEFCE analysis of HESA standard registration population data, 2013-14, and Individualised Learner Record. Note: 'OUG'='other undergraduate'.

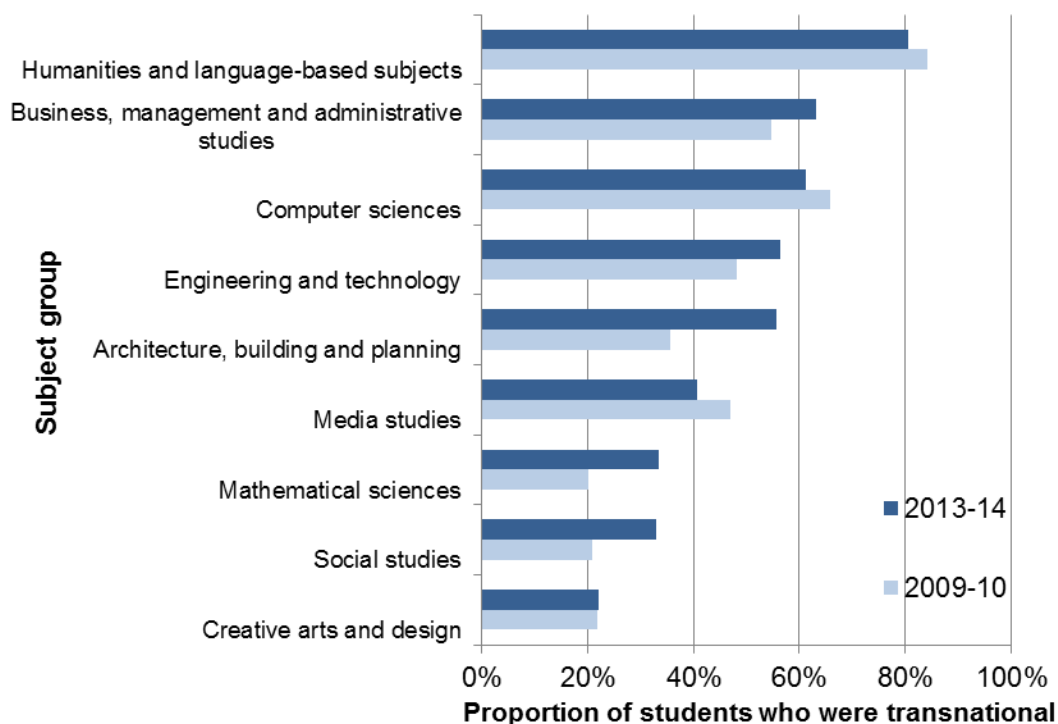
Most popular subjects with transnational students

22. The most popular subject area among transnational entrants in 2013-14 was business, management and administrative studies, which enrolls 56 per cent of all transnational entrants (9,525 entrants).

23. Of the total international student population on management and business related courses, almost half (49 per cent, 9,525) are transnational students. This is followed by engineering and technology, where 33 per cent of all entrants are transnational students (2,250 entrants).

24. China accounts for half of the transnational students in England. These students are covered in greater detail in Figure 3. Figure 3 shows subject areas with the largest proportions of Chinese students who are transnational. The majority of the Chinese students taking humanities and language-based subjects (80 per cent, 425 entrants) are transnational students. This is followed by business and management related courses, where 63 per cent (5,570 students) are transnational. Other areas with high proportions of transnational students include computer science (61 per cent, 215 entrants) and engineering and technology (56 per cent, 1,020 entrants).

Figure 3: Subjects with the highest proportions of students from China who were transnational students in 2009-10 and 2013-14



Source: HEFCE analysis of HESA standard registration population data, 2009-10 and 2013-14.

Usage of transnational pathways across HEIs in England

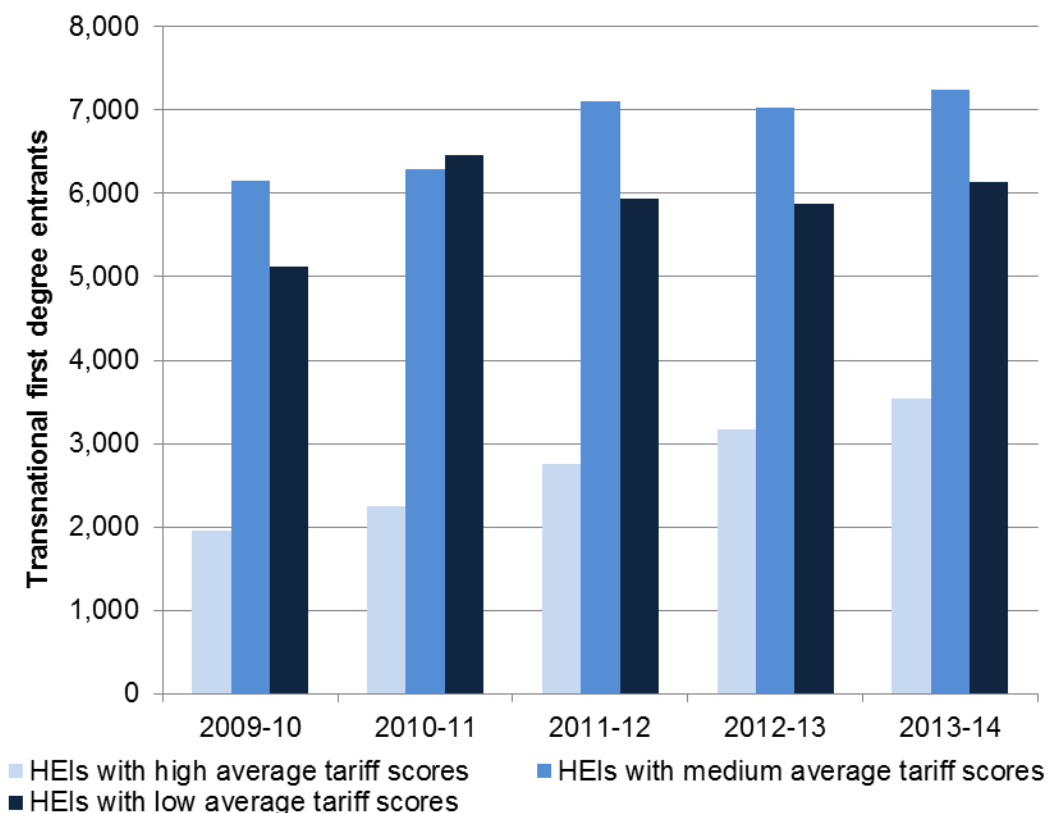
25. HEFCE 2014/29 shows that different institutional groups have varied propensities towards attracting transnational entrants. HEIs with high average tariff scores recruited 16 per cent (3,540 entrants) of their international entrants through TNE courses in 2013-14. Their transnational entrants grew at a faster pace compared with other international entrants, leading to an increased proportion of transnational students (up from 13 per cent in 2009-10).

26. HEIs with medium average tariff scores recruited the largest number of students through transnational pathways (7,240 entrants). While the absolute numbers of entrants increased from 6,150 in 2009-10 to 7,240 in 2013-14, their growth rate has been lower than the growth in other international students. As a result their proportion dropped from 51 per cent in 2009-10 to 48 per cent in 2013-14.

27. HEIs with low average tariff scores are most reliant on transnational entrants, who constitute 56 per cent of the total international population (6,140 entrants). This is still below the entry levels recorded in 2010-11, when there were 6,450 transnational entrants. International student recruitment has been very challenging for HEIs in this group. There has been a steady decline in other international students since 2010-11, whereas declines in transnational entrants have not been as pronounced. There was a recovery in transnational entrants in 2013-14 (5 per cent growth, an increase of 270 entrants) compared with the previous year. The proportional increase in transnational entrants from 48 per cent in 2009-10 to 56 per cent in 2013-14 was mainly driven by declines in other international entrants.

28. Figure 4 shows changes in the absolute numbers of transnational students to HEIs with high, medium and low average tariff scores.

Figure 4: Transnational first degree entrants to HEIs with high, medium and low average tariff scores between 2009-10 and 2013-14



Source: HEFCE analysis of HESA standard registration population data at English HEIs, 2009-10 to 2013-14.

Transnational and other pathways to postgraduate education in England

29. To better understand the experience of transnational students in England, this paper explores the progression from first degree to postgraduate study of the entry cohorts in 2009-10, 2010-11 and 2011-12. This allows the respective students two years to complete their first degree course before their appearance in the postgraduate entry cohort by 2013-14. It is likely that the progression rates reported in Table 2 will increase over time, if students pursue postgraduate education after courses longer than two years, or following a break after the completion of their first degree.

30. Table 2 shows the countries whose transnational first degree entrants to undergraduate study in England experience the highest levels of progression into postgraduate studies. Except for Malaysia, the progression rates for the selected countries have increased over time.

Table 2: Progression rates of transnational entrants into postgraduate studies two years after their initial entry to first degree programmes

Country of domicile	2009-10	2010-11	2011-12
China	62%	62%	64%
Malaysia	7%	8%	7%
Nigeria	21%	20%	33%
Vietnam	32%	38%	40%
Total transnational entrants (all countries)	30%	36%	40%

Source: HEFCE analysis of HESA standard registration population data, 2009-10 to 2013-14.

31. One possible interpretation is that transnational pathways are increasingly being used by students seeking postgraduate education. As argued earlier, transnational students study for less time at first degree level than other international students. The combination of a relatively shorter first degree with a full-time postgraduate degree (the majority of which, except for research degrees, will be up to one academic year), appears to be a cost- and time-effective way of acquiring two degrees.

32. Further research is needed to establish whether the transnational route is mainly used by price-sensitive international students who would not have been able to afford English higher education the traditional way.

Focus on China

33. Transnational students from China have the highest propensity towards postgraduate studies: 64 per cent of the first degree entrants in 2011-12 continued their studies into postgraduate education in 2013-14. This suggests that the pursuit of a postgraduate degree might have been a key consideration in embarking on their transnational course in the first place.

34. Chinese students made up an estimated 83 per cent of the 2011-12 transnational students who continued their studies at postgraduate level. To better understand the importance of postgraduate degrees for transnational entrants from China, this study compares the progression rates into postgraduate education of transnational and other international students from China.

35. A standard undergraduate degree in England takes three years. To accommodate longer first degree courses, the progression rates of the 2009-10 entry cohorts of transnational and other international entrants from China were compared. This allows four years for the completion of a first degree course started in 2009-10. This analysis examines how many students from the 2009-10 entry cohort were found to have undertaken postgraduate courses by 2013-14.

36. Table 3 shows that across all institutional groups the transnational students have much higher progression into postgraduate studies than the other international students (65 percent and 45 per cent respectively).

Table 3: Progression of students from China into postgraduate studies within four years of their first degree entry in 2009-10

Institutional group	Transnational students	Other international students
HEIs with high average tariff scores	77% (755 entrants)	50% (1,620 entrants)
HEIs with medium average tariff scores	64% (1,340 entrants)	40% (465 entrants)
HEIs with low average tariff scores	62% (1,310 entrants)	44% (395 entrants)
Total	65% (3,475 entrants)	45% (2,595 entrants)

Source: HEFCE analysis of HESA standard registration population data, 2009-10 to 2013-14.

37. Expanding the study to include longer time series would show whether the gap between the two student populations has widened or diminished over time. Longer time series would also identify whether some students take time out between the completion of their first degree course and the postgraduate degree.

Wider pathways to 2013-14 postgraduate education in England

38. In addition to tracking progression of different transnational entry cohorts into postgraduate studies, this study attempts to gain a better understanding of how the TNE pathway contributes compared with other pathways.

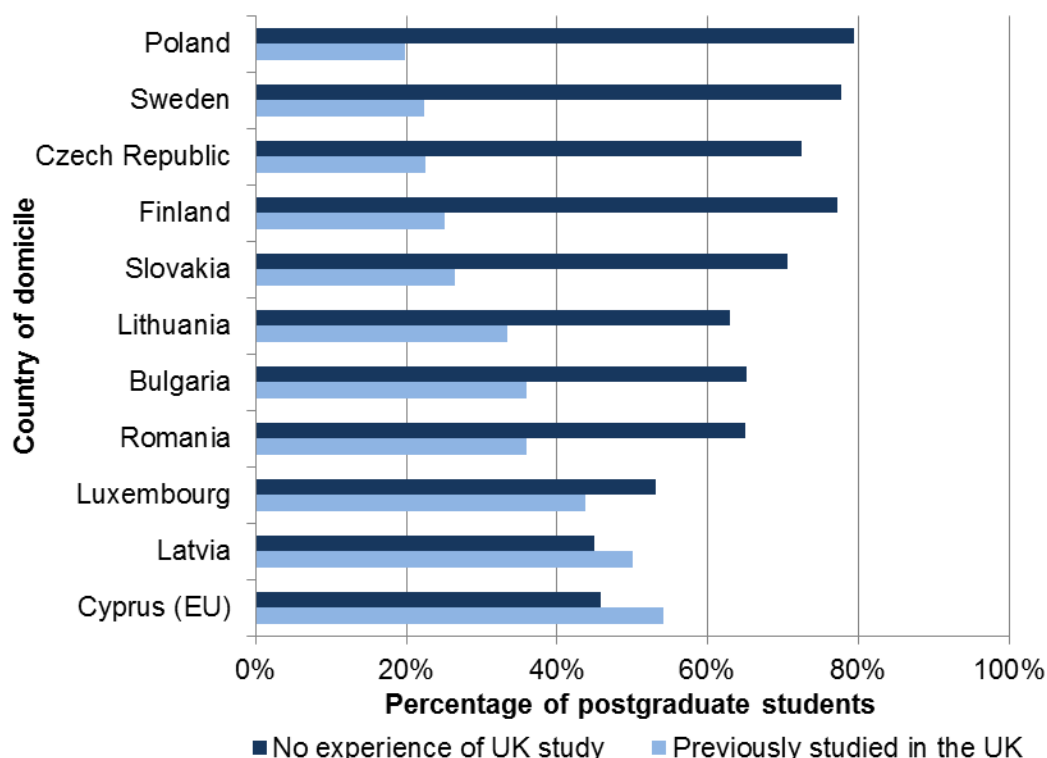
39. Because many more Chinese people study at postgraduate level in England than at undergraduate level, the first degree entry population is much smaller than that of the postgraduate entrants. Therefore, while the proportion of first degree students continuing their studies at postgraduate level appears large compared with the undergraduate cohort, the proportion of the total postgraduate entrant population who entered undergraduate study as transnational students will be much smaller.

40. This research aims to establish how many of the 2013-14 postgraduate entrants had previously studied at undergraduate level in England (and the rest of the UK), and how many were recruited straight from overseas. At this stage, it is impossible to identify how many of the latter are transferring on postgraduate courses directly from UK TNE delivered overseas.

Progression rates of EU undergraduate students into postgraduate education

41. This analysis was carried out for both European Union (EU) and international (non-EU) students. Figure 5 shows the EU countries with the largest proportion of entrants enrolled at English HEIs in 2013-14 who had previously studied in the UK, and compares them with the population recruited directly from overseas.

Figure 5: EU countries with the highest proportion of postgraduate entrants in 2013-14 who had already studied in the UK



Source: HEFCE analysis of HESA standard registration population data, 2009-10 to 2013-14. Note: 'Cyprus (EU)' refers to the Republic of Cyprus, the EU member state.

42. Except for Luxembourg and Finland, the countries shown in Figure 5 are states that have acceded to the EU in the 21st century. The participation rates in higher education across these countries are already high, but a postgraduate degree gives graduates a competitive advantage in the labour market.

43. Higher tuition fees for first degree students were introduced in England for home and EU students in 2012-13. The first cohort of students paying higher tuition fees graduates in the academic year 2014-15. It is not known yet whether a larger student debt will affect these students' propensity to further their studies at postgraduate level. In view of this, Figure 5 identifies the EU countries most likely to be affected if their students' propensity to further study at postgraduate level is reduced. The majority of postgraduate students from the old EU states (over 80 per cent) have no prior experience of UK higher education, so their demand for postgraduate education is unlikely to be affected by undergraduate tuition fee levels.

Continuation rates of international (non-EU) undergraduates into postgraduate education

44. A more nuanced picture emerges when studying the international (non-EU) student population entering postgraduate studies in 2013-14. We were able to identify the following student groups on the HESA record who had previously studied in the UK:

- transnational students (since 2009-10)
- other international students (using the standard entry to first degree programmes)
- incoming and visiting exchange students (referred to hereafter as IVES)⁶
- students with other UK study experience, including all students whose records had previously been reported to HESA (and thus students who might have studied in the UK before 2009-10).

45. The 'New entrants' group in Table 3 indicates all students who are starting postgraduate education straight from overseas and without prior UK study.

46. Table 3 shows the countries with the highest proportions of students who started postgraduate education in 2013-14 who had studied previously in the UK. As discussed in paragraph 39, the postgraduate entry cohort is larger than the first degree cohort, hence the proportions of students continuing into postgraduate study are smaller than the proportions in Table 2 (for instance, first degree entrants from China accounted for just under half of the postgraduate entrants in 2013-14).

Table 3: Countries with the highest proportion of students starting postgraduate education in 2013-14 who had previously studied in the UK

Domicile	Transnational entrants	Other international	IVES	Other UK study	New entrants	Total
China	17%	9%	1%	4%	69%	31,410
Saudi Arabia	2%	17%	0%	5%	75%	2,370
Malaysia	10%	12%	0%	1%	78%	2,245
Vietnam	10%	13%	0%	2%	76%	1,225
Hong Kong	5%	35%	1%	2%	57%	1,080
Singapore	1%	18%	1%	3%	76%	740
Iran	5%	14%	0%	3%	77%	510
Sri Lanka	20%	13%	0%	1%	63%	350
Nepal	11%	8%	0%	5%	76%	310
Total international entrants	8%	8%	1%	3%	81%	88,630

Source: HEFCE analysis of HESA standard registration population registered with English HEIs, 2013-14. Note: Hong Kong is a Special Autonomous Region of China. 'Total international entrants' refers to all international entrants, not just those from the countries listed.

⁶ For definitions and further details see https://www.hesa.ac.uk/index.php?option=com_studrec&task=show_file&mnl=14051&href=a^ ^EXCHANGE.html

47. Table 3 shows that China had the highest proportion of transnational entrants continuing in postgraduate education in 2013-14 (5,340 entrants).

48. Our preliminary findings show that many transnational students change their HEI when they continue their studies at postgraduate level, with only 38 per cent of transnational students continuing at their postgraduate studies at the same HEI. However, many of those who do stay on are concentrated in a handful of HEIs. These account for 39 percent of all transnational students who stay on in one HEI, and their average of retention of these students is 62 per cent. If these HEIs are excluded from this analysis, the average staying on rate across the rest of the sector drops to 14 per cent⁷.

49. The contribution of transnational students to postgraduate demand varies considerably across the major subject areas. Table 4 identifies the main groups of Chinese students who had previously studied in the UK according to their broad subject area (subjects are ranked in descending order). Business and management related subjects have the highest proportion of transnational students (3,460 transnational entrants out of 14,480), followed by engineering and technology students (630 transnational entrants). Earlier in this study, Figure 3 showed that 80 per cent of the international students from China in humanities and language based subjects were transnational. However, only 5 per cent of the 2013-14 postgraduate entrants in humanities (45 entrants) were transnational students. Conversely, Table 4 identifies the broad subject areas which were most reliant on Chinese students recruited straight from overseas in 2013-14.

⁷ To draw a full picture of the postgraduate student population in England, this analysis also included a few HEIs from the other devolved nations whose students progressed to English HEIs for their postgraduate studies.

Table 4: Pathways for Chinese postgraduate entrants in 2013-14 by major subject area

Broad subject area	Transnational entrants	Other international	New entrants	Total entrants
Business, management and administrative studies	23%	16%	61%	14,890
Engineering and technology	17%	12%	71%	3,795
Social studies	10%	12%	77%	3,295
Creative arts and design	8%	12%	80%	1,730
Media studies	7%	9%	84%	1,625
Architecture, building and planning	13%	11%	76%	1,025
Computer sciences	21%	12%	66%	985
Education	3%	8%	89%	925
Humanities and language-based subjects	5%	8%	87%	905
Mathematical sciences	13%	24%	64%	535
Total postgraduate entrants from China	17%	14%	69%	31,410

Source: HEFCE analysis of HESA standard registration population registered with English HEIs, 2013-14.

Note: Table 4 shows courses with over 500 postgraduate entrants. Other entrants include IVES and students who had studied at undergraduate level before 2009 -10 (so this number may include transnational students prior to 2009-10). 'New entrants' means students without prior experience of UK study (recruited directly from overseas).

Concluding remarks

50. There has been an increasing reliance on East Asia for student recruitment since 2010-11. This has been partly supported by a growth in the use of transnational pathways giving access to English higher education for value-seeking international students from the region.

51. This analysis shows that transnational students enrolling on first degree courses in England ameliorated overall declines in international student demand in 2011-12. One possible explanation is arrangements between HEIs in England and their overseas partners, which may have streamlined the progression of students already on courses overseas.

52. Transnational pathways give students greater flexibility over where to study towards their degree – in England, or at the home-based institution or branch campus. In addition to the lower cost associated with shorter periods of study abroad, transnational pathways are also time-efficient. Transnational students can acquire their first degree and full-time taught masters qualification within the standard length of a traditional bachelors degree course.

53. This has significant financial implications for HEIs. Transnational students' short periods of study are associated with much greater effort to continuously enrol large numbers of students just to maintain the existing numbers. Our preliminary findings show that while a lot of transnational students, especially Chinese students, continue their education at postgraduate

level, the majority of them change their undergraduate HEI. At sector level, TNE pathways make a significant contribution to first degree and postgraduate demand, but at an institutional level, the HEIs (irrespective of their tariff group) actively recruiting through transnational pathways are also contributing students to other HEIs' postgraduate courses.

54. Anecdotal evidence gathered as part of this research shows the importance of long-term strategic engagement and presence overseas. It suggests that changes in the higher education landscape overseas may affect contractual arrangements between HEIs in England and their partners in the respective countries. It also highlights the importance of national frameworks and arrangements which facilitate and enhance deeper collaboration between HEIs globally.

55. Further research is needed to establish whether transnational pathways are mainly used by price-sensitive students who would not have been able to afford traditional undergraduate degrees in England. If so, then these pathways have widened access to English higher education to lower-income families overseas.

Abbreviations

EU	European Union
HESA	Higher Education Statistics Agency
HEI	Higher education institutions
IVES	Incoming, visiting or exchange students
OUG	Other undergraduate
TNE	Transnational education