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THE INTERNATIONALISATION OF HIGHER EDUCATION PROVISION IN THE UNITED KINGDOM: PATTERNS AND RELATIONSHIPS BETWEEN ONSHORE AND OFFSHORE OVERSEAS STUDENT ENROLMENT

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ABSTRACT

This is the third of three articles which review recent developments concerning the internationalisation of higher education provision in the United Kingdom. The first two articles focused exclusively on offshore provision (i.e. transnational education). In this article, key patterns and possible inter-relationships between the numbers of onshore and offshore overseas students studying at British universities are examined. The three main conclusions are (i) the most dominant pattern is the inverse relationship between the status and ranking of a university and the relative importance of offshore enrolments; (ii) direct substitution effects between the two forms of provision are generally quite limited; and (iii) articulation and progression offshore enrolment is likely to be the only significant complementary relationship with onshore provision.

1. **INTRODUCTION**

**1.1 HIGHER EDUCATION INTERNATIONALISATION**

The internationalisation of higher education has become a global phenomenon which embraces all aspects of service provision in this key education sector (see Altbach and Knight, 2007; Ennew and Greenaway, 2012; Kapur and Crowley, 2008). With regard to teaching and learning, this includes the internationalisation of curricula and lecturers as well as the enormous expansion in the enrolment of foreign students engaged in a variety of courses and learning modalities. Research activity is also increasingly internationalised with large multi-site and multinational research teams playing an increasingly dominant role in the generation of new knowledge and technologies.

This increasing internationalisation of higher education has attracted widespread media and academic attention, especially since the late-1990s. The most recent academic literature review of education internationalisation identified nearly 2,000 publications on this topic (Komutsky and Putty, 2015).

**1.2 INTERNATIONAL STUDENT MOBILITY AND TNE**

Two of the most significant and tangible aspects of this internationalisation process are, firstly, the rapid expansion of ‘onshore’ foreign students who enrol directly enrol and attend full-time overseas universities (principally in Europe, North America and Australia), and secondly, ‘offshore’ foreign students who study in their own country for the qualifications of an overseas university without ever setting foot in that country. This paper examines key patterns and possible inter-relationships between the numbers of these onshore and offshore overseas students studying for British university qualifications during the last decade.

Considerable research has been undertaken especially since the mid-late 1990s on international student mobility (onshore provision) and transnational higher education (offshore provision) (see British Council 2013 and 2017; McBurnie and Ziguras, 2007; McNamara et. al, 2013; Healey, 2013). Globally, the number of foreign students has increased from 1.5 million in 1990 to 5.3 million in 2017. Five recipient countries account for 44% of inward flows of students (the United States of America, United Kingdom, Australia, Russia and Germany). While the outflow of foreign students is less concentrated, 30% of them come from five countries (China, India, Korea, Germany and France).

Similarly, the growth in TNE, offshore provision since the early-mid 1990s has been very impressive although no global statistics are available. Three countries, Australia, the UK and the US have been the dominant market leaders although other countries are beginning, albeit generally quite tentatively, to become involved. Australia and the UK universities have focused mainly on collaborative offshore provision based on the validation and, increasingly, the franchising of their degrees with overseas partner institutions while US universities have been mainly involved in establishing overseas branch campuses throughout the world but especially in Europe, the Middle and South-East and East Asia.

**1.3 THE RELATIONSHIP BETWEEN ONSHORE AND OFFSHORE PROVISION**

Numerous growth factors have been identified and analysed in order to explain the growth in provision of both onshore and offshore provision. This growth has taken place hand and hand with the rapid globalisation of the world economy and, in particular, the growth in international trade in goods and services. Revolutionary changes in information and communication technologies have played a key role. Universities themselves have become more global in outlook fuelled by the liberalisation and commercialisation of the higher education sector and the concomitant reduction in public funding.

What is striking, however, is that onshore and offshore provision for overseas students is almost always analysed separately. Consequently, very little detailed attention has been given to looking at both types provision as a whole/ holistically, in particular in order to establish whether there are any discernible patterns and relationships among and between onshore and offshore provision.

This article explores these patterns and relationships with respect to onshore and offshore provision by universities in the UK. Identifying patterns of provision is mainly descriptive and thus relatively straightforward. However, identifying the key causal factors which, collectively, lead to the observed patterns of provision is methodologically very challenging. In part, this is because there are so many potentially salient economic, political and social/cultural/linguistics factors. And, as with any analysis of this kind, there are the usual, often intractable, attribution and counterfactual issues.

The article focuses on the following three key questions. Firstly, are there certain types of university in the UK that are more heavily involved in offshore and/or onshore provision than others? If, so what are the key reasons for any differential levels of involvement? Secondly, are there any significant causal relationships in the levels and overall growth between these types of provision? And thirdly, if any relationships can discerned, to what extent are they substitutive and/or complementary with respect to individual and/or groups of universities and geographical regions and countries?

**1.4 ARTICLE STRUCTURE**

The discussion is structured as follows. Section 2 reviews the very limited literature that directly focuses on the patterns and relationships between onshore and offshore provision. Section 3 describes the key sources of data in the UK that have been utilised in analysing these relationships and provides more detailed definitions of the main forms of offshore provision. Section 4 summarises the overall numbers and recent trends in the enrolments of onshore and offshore overseas students at UK universities. Section 5 explores the key patterns in onshore and offshore enrolments with respect to both university type and spatial distribution. Section 6 then considers possible relationships between the two types of international provision as well as between the four main forms of offshore provision, namely (a) validated/franchised degrees offered by overseas partners; (b) articulation/ progression agreements with overseas partners, which allow students who have begun their UK degree course offshore, to complete their degrees in the UK; (c) overseas distance learning courses; and (d) at the overseas branch campuses and other kinds of ‘international centres’ owned/managed by UK universities.

1. **LITERATURE REVIEW**

The following discussion is based on a clear distinction between three types of onshore and offshore relationships, namely zero, substitutive and complementary.

A recent review of global higher education by the British Council concludes that ‘our data analysis shows the countries which have strong (sic) international student mobility are also strong on TNE’ (2017: 25). At a very general level, this is indisputably the case. However, as is discussed below, this strong positive correlation does not mean that there are any simple causal relationships between these two forms of provision.

**2.1 ZERO AND SUBSTITUTIVE RELATIONSHIPS**

**2.1.1 An overview**

Given the very limited, in-depth research, ‘the debate on the linkage between onshore and offshore enrolment has been entirely speculative’ (Levatino, 2017: 641). Some leading commentators on foreign student mobility and TNE have still concluded that there is no (or little) direct relationship between onshore and offshore provision. This view is neatly summarised by McNamara et. al. when they state that ‘offshore provision meets the needs of students who can’t or don’t want to study abroad’ (McNamara et. al., 2014: 34). Onshore and offshore provision are, therefore, non-competing market segments and offer universities a win-win situation with respect to maximising overseas student numbers at home and abroad. Point A in Figure 1 represents this zero-relationship scenario. Offshore provision is more convenient since students remain in their home country and offers internationally recognised and negotiable degrees with much lower direct and indirect costs. By contrast, onshore provision has generally higher academic status along with all the added attractions of living abroad.

Figure 1

It is possible that the relationship between onshore and offshore provision could, to varying degrees over time, be more substitutive if increasing offshore provision in one country directly results in fewer numbers of international onshore students from that country attending universities in the UK. This could be precisely because offshore provision is so price-competitive and more convenient. It is could also be an explicit objective of government education and economic policy. The contention here is that ‘governments that open up their education markets to foreign providers often do so with the goal of decreasing their student emigration’ (Levatino, 2017: 640). This type of relationship occupies quadrant 1 in Figure 1.

The opposite substitutive relationship where increasing onshore enrolment is the direct result of lower offshore enrolment (quadrant 3 in Figure 1) is rarely mentioned in the literature but, as will be discussed later, can occur in certain special situations.

**2.1.2 Specific research**

To date, only two academic articles have been published which specifically explore possible relationships between onshore and onshore higher education provision for overseas students.

Levatino presents a multivariate model utilising a macro-level, country data set of onshore and offshore enrolments of overseas students in order to explore these relationships among Australian universities. She concludes that ‘no substitutive linkage is found, confirming…that the two types of provision are absorbing different segments of international students’ (op. cit.:1). This study is a commendable effort to move away from the essentially speculative and heavily descriptive approach of other research. However, the main drawback of this study is that, although the modelling techniques are quite sophisticated, the independent variables (national population, GNP per capita, tertiary gross enrolment ratios and unemployment rates) are poor proxy indicators of the key demand and supply conditions for both onshore and offshore provision that the model seeks to measure. It is probably for this reason that the overall explanatory power of the model is not specified. Also, there is no explicit mention of possible complementary effects.

Tsiligiris analyses recent the growth in onshore and offshore overseas student enrolments at British and Australian universities. He states that ‘onshore enrolment increased or remained unaffected by the growth of offshore provision in the main countries’ (2014: 1). This conclusion is based on trend analysis of onshore and offshore enrolments on UK and Australian degree courses among students from four of the largest overseas markets for higher education, namely China, Hong Kong, Malaysia, and Singapore. No substitution effects are identified for either country China nor for the UK in Singapore or Australia in Malaysia. There are only ‘minor’ substitution effects for the UK in Malaysia and Hong Kong and minor effects for Australian universities in Hong Kong and Singapore.

While these are interesting observations, the study has three main limitations. First, HESA time-series data for offshore enrolments is only available for six-seven years which is too short to be able to discern accurately enrolment growth trends. Secondly, the analysis is mainly descriptive. Thus, no explanation is given for the observed enrolment growth trends and, relatedly, no counterfactual scenarios are considered. Just because offshore enrolment growth cannot be directly linked to negative enrolment in onshore enrolments, this does not mean that onshore enrolments would not have been higher still in the absence of alternative offshore provision. And thirdly, the analysis is limited to observing trends in offshore and offshore enrolments for each provider country in isolation. In countries such as Hong Kong where there are large numbers of overseas universities offering offshore courses from the UK, Australia, US and elsewhere, it is the multiple impacts of this overall expansion of offshore provision on onshore provision in each country that enrols students from Hong Kong that needs to be analysed, and not just, therefore, for individual countries such as the UK or Australia. For example, this expansion might mean that the number of Hong Kong students in Germany, which has no offshore provision in Hong Kong, decreases.

Significantly, neither study analyses the relative costs of onshore and offshore provision as well as the role of government policy in both home and recipient countries which are likely to be the very important factors in shaping provision relationships. Nor has any analysis looked at the possible relationships between the three main forms of offshore provision (collaborative, distance learning and branch campus) which may also affect the overall relationships between onshore and offshore provision.

**2.2 COMPLEMENTARY RELATIONSHIPS**

Relatively little analytical attention has been given to the existence of complementary relationships. Two types of complementarity are discussed in this article namely, provision externalities and joint-products. The most likely externalities arise from positive and negative branding effects. These can work one way or both ways. With regard to positive branding effects, demand for the offshore courses offered in a particular overseas country is, ceteris paribus, likely to be that greater the higher the reputation and status of the home university. At the same time, high quality provision in the offshore country could boost the numbers of overseas, onshore students from that country enrolling at the home university. Relationships of this complementary type are in Quadrant 2 in Figure 1. Conversely, branding effects could also be negative with low and declining reputation levels of offshore courses offered by one or more universities from a particular overseas country leading to fewer students from that country attending these universities (quadrant 3).

The other major kind of complementary relationship is when offshore and onshore provision are offered as a joint-product. Articulation and progression courses where students begin their degree courses overseas and then complete them at the home university are the most common joint-products. A report by the UK Higher Education Council conclude that a one-third of onshore overseas students in the UK first enrolled for these degree courses in their own country as part of offshore provision (HEFCE, 2015). However, as will discussed later, this is likely to be an over-estimation of the size of this group.

1. **DATA AND METHODOLOGY**

* 1. **DATA SOURCES**

The analysis in this paper mainly relies on information on overseas student onshore and offshore enrolments submitted annually (as a legal requirement) by every UK university to the Higher Education Statistics Agency (HESA). Detailed information on onshore overseas students has been collected since the mid-1990s. However, HESA only started to request basic data on offshore enrolments in 2007/2008. As part of this ‘Aggregate Offshore Record’ (AOR), each UK university provides (annually) enrolment figures by type of offshore provision and qualification level for every overseas country where it has offshore students.

Bespoke requests were made to HESA for the full AOR data set for every year since 2007/08 as well as information on the numbers of full-time onshore overseas students enrolled at each UK university broken down by country of domicile for three years, 2011/12, 2013/14 and 2015/16[[1]](#footnote-1). Information was also provided by HESA on the number of overseas onshore students who were studying in the UK in each of three years as part of offshore articulation/ progression/advanced arrangements with overseas partners (see below).

With a few minor exceptions, enrolments of both onshore and offshore students appear to be accurately reported to HESA at both the individual university and country level.

* 1. **TYPES OF OFFSHORE PROVISION**

**3.2.1 HESA offshore categories**

HESA classifies offshore provision according to the following main categories:

* Overseas branch campus (OBC) set up and wholly owned by a UK university (‘reporting provider’) and, as such, ‘it is seen as no different from any other campus of the provider’.
* Overseas distance, flexible or distributed learning (ODL) which ‘generally do not require the student to attend particular classes or events at particular times and particular locations’.
* Overseas collaborative/franchised provision which denotes provision ‘leading to an award of an awarding provider delivered and/or assessed through an arrangement with an overseas partner organisation’.
* Students studying for an award of a UK university who are not registered with this university i.e. they are studying for an award at an overseas education/training institution that has been validated by the UK university. The main difference between franchised and validated degrees is that, for the latter type of degrees, the overseas partner does not follow the curriculum of the UK university.

**3.2.2 Articulation and progression**

Articulation and progression courses are an important sub-category of franchised course provision which enable foreign students to enrol for the first one or two years of a UK university degree at an overseas partner and then complete their degree in the UK. These articulation arrangements grew rapidly in the 1990s when, especially in the aftermath of the 1998 Asian financial crisis, the Malaysian government could no longer afford to send what were large numbers of students to study full-time at UK universities. Faced with this situation, mainly private/not-for-profit Malaysian universities stepped in and managed to negotiate articulation agreements with British universities, especially those which had become heavily reliant on Malaysian students.

Information on overseas students studying in the UK as part of articulation and progression arrangements has been included in the HESA Individual Student Record since 2011/12. However, for reasons that are not clearly clear, the total reported numbers of articulation students of around 2,700 in 2013/14 and 2016/17 appear to be serious underestimates with many universities providing nil returns. As part of this study, therefore, all universities were requested (under the Freedom of Information Act) to furnish this information. Adjusting for the 13 universities who refused (for commercial reasons) or could not provide this information as well as the 34 universities which did not respond at all (despite being legally required to do so), the total number of non-EU overseas articulation students in the UK was in the region of 22,000 in 2016/17.

**3.3 UNIVERSITY CLASSIFICATION**

For the purposes of this study, UK universities have been categorised according to the following four historical groups: ancient (established pre-1800), redbrick (1800-1945), plate-glass (1946-1991) and ex-polytechnics and teacher training colleges (post-1991). While there are other university categorisations (Russell, Alliance etc.), this simple fourfold grouping is the most appropriate for the purposes of this review[[2]](#footnote-2).

**4. OVERSEAS STUDENT ENROLMENTS: AN OVERVIEW**

**4.1 ONSHORE OVERSEAS STUDENTS**

Onshore overseas student enrolments at British universities have more than doubled since the mid-1990s – from 198,000 in 1996/7 to 458,000 in 2017/18. Slightly more than 80% of this increase is accounted for by overseas students from countries outside the European Union. Despite concerted efforts to increase overseas student enrolments in the UK itself, the overall numbers of both EU and non-EU students have remained fairly constant since 2010/11.

**4.2 OFFSHORE OVERSEAS STUDENTS**

Since the mid-1980s, offshore overseas student enrolments have also grown impressively - from an estimated 50,000 in the mid-1980s (almost all of which were overseas distance learners) to an estimated 140,000 in 1996-97 and 402,000 in 2017/18, a six-fold increase. However, the rate of growth in these offshore enrolments has declined markedly since 2013/14 (see Author, 2019a).

Figure 2 shows the enrolment totals for each type of offshore provision up to 2016/17. Offshore franchised course provision (including collaborative courses) increased appreciably and at a steady rate from 60,000 in 2007/08 to 267,000 students in 2017/18. Up to 2011/12, validated course enrolments grew even more rapidly but have barely increased since then. Overseas distance learning enrolments at UK universities only increased from 100,000 in 2007/08 to 121,000 in 2012/13 and actually declined to 107,000 in 2017/18. The overall share of ODL enrolments in total offshore provision fell from 51% in 2007/08 to just 27% in 2017/18. Finally, enrolments at the overseas branch campusesof UK universities were only 26,000 in 2017/18, just 7% of total offshore provision.

**4.3 THE INTERNATIONALISATION OF HIGHER EDUCATION PROVISION**

The overall share of onshore and offshore overseas students enrolled at UK universities has almost doubled during the last 20 years - from 17% in 1996/97 to 31% in 2016/17. With overseas students comprising almost one-third of all students studying for UK university degrees, this would appear to be a significant level of internationalisation of education provision. Whereas onshore and offshore enrolment shares accounted for 10% and 7% of all students enrolled on university courses in 1996/97, this had narrowed to 16% and 15% respectively in 2016/17.

1. **PROVISION PATTERNS**

The following discussion examines four types of provision patterns namely overall onshore and offshore enrolment shares, enrolment growth rates, university classification and ranking, and worldwide regional enrolments.

**5.1 ENROLMENT SHARES**

The overall share of onshore and offshore overseas students expressed as a percentage of UK-domicile enrolments are summarised for all UK universities in Table 1 according to three levels ‘high’ (>30%), ‘medium’ (10-30%) and ‘low’ (<10%). With no disaggregation of the university population, there appear to be no obvious strong correlations, either negative or positive, between the shares of each group of overseas student among UK universities. However, the university scatter plots of the shares of onshore and offshore overseas students do show some, albeit weak, discernible patterns (see figure 3). Three distinct clusters of universities are observable, namely, (i) those with a high ratio of onshore to offshore overseas students; (ii) those with a more balanced shares of onshore and offshore overseas students; and (iii) those with a high ratio of offshore to onshore overseas students. However, the university scatter plots of the annual average rates of growth for onshore and offshore overseas students between 2007/08 and 2015/16 reveal no obvious relationships[[3]](#footnote-3).

**5.2 ENROLMENT GROWTH**

Table 2 shows the onshore and offshore growth patterns of overseas students for the period 2007/08 to 2015/16. ‘Strong growth’ for both groups is defined as averaging three percent per annum and ‘weak growth’ less than three percent per annum. Universities have been further sub-divided in two groups, those with average annual rates of growth of UK students greater than one percent (positive UK growth) and those with less than one percent (negative/stagnant UK growth). Almost exactly one-half of both universities sub-groups managed to achieve strong positive growth rates in attracting the high-status, high-revenue onshore overseas students. This is despite the fact that universities with lower UK student growth rates should, ceteris paribus, have a stronger incentive to recruit overseas students to the UK. However, their capacity to do so may be less.

Taken as a whole, three-quarters of universities achieved strong growth rates for offshore overseas students. This is perhaps not unexpected given how much easier it is to increase offshore than onshore overseas student enrolments. Interestingly though, 86% of the universities with positive growth in UK students had high offshore growth rates compared to 70% for those universities with negative or stagnant UK student growth. However, with so few universities in the high UK student growth group, caution needs to be exercised in making comparisons between the two groups.

Onshore and offshore growth rates for overseas students were both low at around 15% of universities in both UK-domicile growth groups of universities. For those universities with positive UK student growth rates this is not totally unexpected, but, given the incentives facing all universities to expand enrolments, it would appear that those universities with negative/stagnant UK growth rates (most of which are ex-polytechnics) have been unable to increase significantly their overseas student numbers.

The redbrick universities have been considerably more successful in expanding both onshore and offshore overseas students (see table 3). Over half of the red bricks had high growth rates for both groups compared to only around one-quarter for the plate glass and ex-polytechnic universities. Whereas over two-thirds of the redbrick universities achieved high onshore overseas student growth rates, only slightly more than one-third of the polytechnics were this successful with the plate glass universities occupying an intermediate position.

Scatter plot and simple OLS regression analysis also confirms that there are no obvious statistically significant correlations between, on the one hand, onshore and offshore rates of growth and UK enrolment growth, on the other.

**5.3 UNIVERSITY TYPE AND RANKING**

Breaking down UK universities into the four main historic categories shows more clearly that 80% of ancient and redbrick universities and 54% of plate-glass universities have high-medium shares of onshore overseas students but low shares of offshore overseas students. By contrast, nearly half of the ex-polytechnic universities have high-medium shares of offshore students but 38% have low shares of onshore overseas students (see table 4).

Analysing these relationships based on university rankings shows any even more clear-cut pattern especially with regard to onshore overseas students (see figure 4). Generally speaking, the higher the ranking of a university, the greater the share of onshore overseas student and the lower the share of offshore overseas students and vice versa. This statistical correlation becomes even stronger if the relatively few (outlier), higher status universities that are heavily involved in offshore provision, most notably Liverpool, London and Nottingham, are removed.

**5.4 GLOBAL REGIONAL PATTERNS**

Figure 5 shows the absolute changes in onshore and offshore overseas student enrolments between 20007/08 and 2015/16 by major geographical region. The scatter plots showing these changes for each country also broadly supports the changes at the regional level.

In three regions, Western Europe, Americas, Australasia and Pacific and East and South-East Asia, enrolments increases have been roughly the same for both groups. Enrolment growth has been particularly impressive in the latter region which is a reflection of the size, openness and dynamism of their higher education sectors. Offshore enrolments in the Middle East have been markedly higher than onshore overseas student enrolments. By contrast, offshore enrolments have fallen in Eastern Europe. In sub-Saharan Africa and South Asia, the numbers of onshore overseas students in the UK have declined (quite substantially from South Asia) while the numbers of offshore students have risen substantially.

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| **Table 4: High, medium and low levels of onshore and offshore overseas student enrolments among ancient/redbrick, plate glass and**  |
| **ex-polytechnic universities, 2015/16 (rounded percentages)** |  |  |  |  |  |  |
|  |  | **ONSHORE** |
|  |  |  | **Low involvement** |  |  | **Medium involvement** |  |  | **High involvement** |  |
|  |  | **Redbrick** | **Plateglass** | **Ex-polytechnic** | **Redbrick** | **Plateglass** | **Ex-polytechnic** | **Redbrick** | **Plateglass** | **Ex-polytechnic** |
| **OFFSHORE** | **High involvement** | 0 | 5 | 6 | 5 | 9 | 11 | 10 | 14 | 6 |
| **Medium involvement** | 0 | 0 | 11 | 0 | 18 | 13 | 5 | 0 | 2 |
| **Low involvement** | 0 | 0 | 21 | 25 | 18 | 23 | 55 | 36 | 5 |

1. **PROVISION RELATIONSHIPS**

This section considers the relationships, if any, between onshore and offshore provision. Relationships may be completely non-existent or, if definite causal relationships between them can be identified, these can be either substitutive or complementary. Analysis of any significant causal relationships has to be done at the level of each UK university in a specific country, and in particular countries like Malaysia, Singapore and Hong Kong or China where offshore enrolments are sizeable.

With a few exceptions, the fee differentials between onshore and offshore overseas students are very large (see tables 5 and 6). Fees for non-EU students average over £15,000 at English ancient and redbrick universities and are £10,000-£13,000 at the ex-polytechnics. By contrast, with a few exceptions, fees charged by UK university overseas partners are in the region of £2,000-£5,000. Moreover, onshore-offshore fee differentials are likely to have increased during the last decade. In the UK, average fee levels for non-EU overseas student increased appreciably from £9,600 in 2010/11 to £15,200 in 2016/17. Time series data on fees for offshore courses is not available, but given the very competitive nature of these offshore markets (especially in Malaysia, Singapore and Hong Kong), it is unlikely that fee levels have increased as much as for overseas students in the UK.

Given this situation, one might expect that the provision of, in relative terms, increasingly less costly offshore UK degree courses would lead to rapid and sizeable increases in offshore enrolments and a corresponding reduction in onshore students from that country studying in the UK. In other words, the substitution effects are potentially large with high and negative cross elasticities of demand.

**6.1. ZERO EFFECTS**

For most universities, there are four main reasons why there are unlikely to be any significant substitution effects between onshore and offshore enrolments. Firstly, for the large majority of universities in the UK, offshore overseas student enrolments are small both in absolute terms and in relation to total onshore enrolments.

Secondly, the actual revenue that universities themselves earn from offshore provision is low, averaging only £636 per student for franchise/validation and £1,714 for distance learning courses and £5,378 at overseas branch campuses Whereas profit/net surplus per onshore overseas student is likely to be at least £5,000[[4]](#footnote-4), it exceeded £1,000 for overseas collaborative courses (which make up more than two-thirds of total offshore enrolments) at only 7% of universities (see Author, 2019b). The financial incentives for offshore provision are, therefore, low both in absolute terms but, more especially, in relation to their net earnings from onshore overseas students.

Thirdly, unusually, universities control the supply (production) of both these types of education provision. Since the income earned by universities from onshore overseas students is so much greater than from offshore students, universities have little or no incentive to encourage any head-on competition between these two forms of provision. It can be reasonably assumed, therefore, that universities will only establish offshore provision in a particular country where they are confident that this does not lead to any serious negative impact on their current or future onshore overseas student enrolments.

And fourthly, those students who can afford to study in the UK or elsewhere overseas invariably have such a strong preference to study overseas that the local provision of the UK degree is unlikely to be seen as an attractive alternative. Consequently, among these students, there are no substitution effects i.e. the cross-elasticity of demand for onshore and offshore provision is very small and the markets for onshore and offshore are quite segmented. The main competition for overseas onshore students comes from overseas universities especially with respect to fees, immigration controls and the ability of overseas graduates to work in that country once they have completed their studies.

**6.1. SUBSTITUTION EFFECTS**

**6.1.1 Onshore-offshore provision**

The onshore-offshore provision relationship is substitutive where increases in offshore enrolments (due, for example, the opening of an overseas branch campus in China) directly leads to reduced enrolments of overseas students at the university’s UK campus. Conversely, if the competitiveness of onshore provision increases in the UK (for example, as a result of a lowering of overseas fees for non-EU students) with the result that more students come to study in the UK this, in turn, could lead to reduced enrolments of offshore students.

In practice, robustly identifying and measuring any substitution effects of this kind is very difficult given that there are numerous other confounding factors which determine the levels of and changes in both onshore and offshore enrolments. The lack of date for offshore enrolments prior to 2007 also makes it especially difficult to undertake time series analysis which can address counterfactual issues.

Even so, for three key reasons, where UK universities have large numbers of offshore enrolments in a particular country, this is usually unlikely to directly impact negatively on onshore enrolments in the UK of students from this country. Firstly, in the case of redbrick and plate-glass universities, this is because there is frequently excess demand for onshore places by students from this country. For example, the London School of Economics (LSE) has 17,000 overseas ODL students in particular from Singapore. A major reason why these students are unable to enrol directly at LSE in London is because LSE has reached its current capacity to enrol any more onshore, overseas students. With regard to most ex-polytechnic universities, they would certainly like to enrol larger numbers of overseas students (and charge relatively low fees in order to do so), but they are unable to do so. Consequently, they can enrol large numbers of offshore students without negatively impacting their onshore student enrolments.

Secondly, in a number of countries including Malaysia, the United Arab Emirates and Oman, their governments discourage overseas study usually because they want to develop the enrolment capacities of their own higher education sectors[[5]](#footnote-5). At the same time, however, these governments actively encourage UK and other foreign universities to offer their degrees by partnering with local universities and other training institutions. Thus, in these situations, there is no significant direct impact of offshore provision on onshore enrolments because UK universities are unable to access these countries for onshore overseas students.

And thirdly, many students studying offshore in their country have no intention of studying overseas (in the UK or elsewhere) either because it is simply too expensive or because of their work and/or family situations. For example, lucrative ODL-blended learning Masters in Business Administration (MBA) courses are primarily targeted at managers who are already relatively well established in their careers and are only able to study part-time. Offshore provision has also increased rapidly in recent years in countries such as Sri Lanka and Nepal where most students cannot afford UK overseas student fees. Fees for degree courses in these offshore course are typically in the region of £1,500-£3,000 compared with £10,000-£20,000 in the UK. In Africa, very high and quite rapidly increasing overseas fees charged by universities coupled with a marked tightening of visa regulations has resulted in a sizeable reduction of African students at UK universities which has coincided with a marked increase in offshore provision in these countries. In Nigeria, which is a potentially a large national market for overseas students, even those who can afford UK fees are prevented from coming to the UK mainly because of acute foreign exchange shortages.

There are, however, a few notable examples where clear substitution effects can be observed between onshore and offshore provision. The main reason that offshore enrolments in Eastern Europe have declined so dramatically is because, when the 10 former Eastern bloc countries were admitted to the European Union in 2004 and 2007, this enabled students from these countries to study in the UK without any immigration restrictions and also paying the same fees as UK nationals. As a direct result, offshore enrolments in this region have plummeted.

By contrast, more recently, the much tighter visa controls introduced by the UK government for non-EU nationals have had a major impact on onshore enrolments especially from India where overseas students nosedived from around 40,000 in 2010/11 to 16,550 in 2017/18. Given this situation, it is probably not coincidental that offshore enrolments in India have increased.

**6.1.2 Offshore provision**

Substitution effects are potentially sizeable between the three main forms of offshore provision. As noted earlier, franchise/validation degree provision increased quite rapidly between 2008 and 2016 while overseas distance learning enrolments flat-lined up to 2015 and then decreased. For most students, being able to study with face-to-face instruction for a UK degree at a reputable local university is likely to be more attractive than studying on one’s own at a distance. Faced with this situation, a number of UK universities with sizeable ODL enrolments have introduced supported blended learning with their ODL students attending local ‘partner’ learning centres. The fees for most ODL courses are also much higher than in the past and are often considerably higher than the course fees for the same degree for franchised/validated degree courses offered by overseas collaborative partners. Thus, franchise/validated courses have a significant price-competitive advantage over overseas distance learning provision.

The reverse situation is likely to prevail when a UK university decides or is forced to end its collaborative provision with its local partner and local students wishing to study for these degree courses enrol on distance learning courses. For example, in South Africa, the government effectively outlawed UK franchised/validated courses in 2009/2010 and, since then, there has been a noticeable increase in South African students enrolled on UK overseas distance courses. Similarly, the establishment of an overseas branch campus may lead to a significant reduction in franchise/validated enrolments at local partners and overseas distance learners. However, this is only likely to happen in geographically compact countries/city states such as Hong Kong, Singapore and UAE where students have a relatively costless choice between the two forms of provision. In very large countries such as China and India, this is less likely to be the case.

**6.2 COMPLEMENTARY EFFECTS**

Complementary effects arise where offshore provision leads, either directly or indirectly, to an increase in the numbers of onshore overseas students from a particular country studying in the UK. There are potentially two types of complementary effects namely (i) when the greater visibility of the UK university offering offshore courses with local partners leads to larger numbers of students from this country studying in the UK country (the so-called branding effect); and (ii) where offshore students, particularly from an overseas branch campus, are allowed, actively encouraged or even expected to complete part of their under-graduate degree in the UK and/or can progress more easily to a postgraduate degree at the UK campus. As noted earlier, articulation and progression arrangements of this kind are now commonplace at a number of UK universities.

**6.2.1 Branding effects**

A possible causal linkage between onshore and offshore overseas student enrolments is when large number of offshore students in a particular country generates more onshore overseas students from that country in the UK than would otherwise be the case in the absence of offshore partnerships. While it is very difficult to establish what the counterfactual outcome would have been, generally speaking, large offshore enrolments in most countries are not associated with large and/or increasing onshore overseas enrolments in the UK. A total of 29 UK universities had more than 1,000 students (and thus a reasonably sizeable presence) in their top offshore enrolment country in 2015/16. However, the number of students from these countries who were studying onshore in the UK was less than 2% of total offshore enrolments in 20 of these 29 countries. For example, over 10,000 Malaysian students were studying for Staffordshire University degrees in Malaysia, but only 18 students from Malaysia were studying at the university’s campuses in the UK. Table 7 presents other notable examples among the top offshore UK universities.

Onshore overseas student enrolments from the top offshore enrolment countries are only greater than 10% of offshore students in a handful of countries, most notably China and Greece. As noted above, a major reason for this is that low-income countries are too poor to send more than a small number of students to the UK, even in large population countries such as Egypt. Thus, it would appear that offshore provision in these countries expands the international student market without any significant negative impact on onshore overseas student enrolments.

**6.2.2 Articulation and progression**

There are around 22,000 students studying at UK universities as part of articulation and progression arrangements with overseas partners. Around 80% of these students are from China. In 2016/17, there were at least seven universities with more than 500 articulation/progression students[[6]](#footnote-6). Although the total number of these students is relatively small (8% of franchised/validation and branch campus enrolments), they generate fee income of around £330 million which is 60% of total revenue from all offshore provision. The most notable example is Liverpool University which, in 2017/18, had 3,287 articulation students from its collaborative joint venture with Jiaotong University in China which earns the university in the region of £45-50 million per annum[[7]](#footnote-7). The three other universities with major overseas campuses are Nottingham, Middlesex, and Heriot Watt. They enrol 87, 248, and 714 articulation students respectively.

1. **CONCLUSION**

**7.1 MAIN CONCLUSIONS**

Three main conclusions can be drawn concerning the patterns and relationships between overseas student onshore and offshore provision at UK universities. Firstly, the most dominant pattern is the inverse relationship between the status and ranking of a university and the relative importance of offshore enrolments. Redbrick and the higher-status plate glass universities (such as Warwick and Sussex) have such large numbers of onshore overseas students that they have little financial or other non-financial incentives to become heavily involved in offshore provision. Secondly, direct substitution effects between the two forms of provision are generally quite limited. And thirdly, articulation and progression enrolment is the only significant complementary effect.

**7.2 STRENGTHS AND WEAKNESSES**

This paper is the first in-depth contextual analysis of the patterns and relationships between onshore and offshore provision in the leading offshore course provider group, namely UK universities. It comprehensively identifies and analyses the main forms of substitutive and complementary relationships not just at a global level but at the sub-regional and country level as well as for individual and groups of UK universities. For the first time, relationships between different types of offshore provision are also considered as well data presented and a preliminary analysis undertaken of onshore and offshore fee differentials.

The main limitations this research is the lack of comprehensive, detailed time-series data for the 30-year period since offshore provision began to grow rapidly among a sizeable group of UK universities. Without this data, it is not possible to model adequately the key factors that determine the supply of and demand for both onshore and offshore courses including any causal links between them.

Future research should, therefore, seek to construct such as quantitative database which would collect information at both the individual country and university level for all the main countries involved in offshore provision. In addition, this should be supplemented with detailed qualitative research which explores the decision-making processes among the main actors, namely individual students, universities and governments.

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Figure 1.

Possible complimentary and substitution relationship between onshore and offshore overseas student provision

+ve

+ve

-ve

-ve

Complimentary

Zero effect

Substitution

|  |  |
| --- | --- |
| **Table 1: High, medium and low levels of onshore and offshore overseas** |  |
| **student enrolments among UK universities (rounded percentages)** |  |
|  | **Onshore**  |  |  |
|  | **Level** | **Low** | **Medium** | **High** | **Total** |  |  |
| **Offshore** | High | 5 | 10 | 9 | 24 |  |  |
| Medium | 7 | 12 | 2 | 21 |  |  |
| Low | 13 | 23 | 22 | 58 |  |  |
| **Total** |   | 25 | 45 | 33 | 100 |  |  |
| **Notes: High level involvement >30% of UK enrolments, Medium 10-30%, Low <10%** |
| **Table 2: 'Strong' and 'weak' average annual enrolment growth for onshore and offshore overseas students at UK universities, 2007/08-2015/16 (rounded percentages)** |
|  |  |  |  |  |  |
|  | **Strong onshore,**  | **Strong onshore,**  | **Weak onshore,**  | **Weak onshore,** |  |  |  |
| **UK student growth** | **strong offshore** | **weak offshore** | **strong offshore** | **Weak offshore,** |  |  |  |
| **Positive (1%>)** | 57 | 0 | 29 | 14 |  |  |  |
| **Negative (<1%)** | 32 | 15 | 38 | 16 |  |  |  |
| **Overall** | 37 | 12 | 36 | 16 |  |  |  |
| **Notes: 'strong' onshore and offshore overseas student average annual growth is 3%> and 'weak' growth is <3%.** |
|  **Table 3:** | Percentage of universities by type with 'strong' average annual rates of growth |
| **for onshore and offshore overseas students, 2015/16 (rounded percentages)** |  |
|  | **Ancient/** | **Plate-glass** | **Ex-polytechnic** |  |  |  |  |
|  | **Redbrick** |  |  |  |  |  |  |
| **Onshore** | 69 | 58 | 37 |  |  |  |  |
| **Offshore** | 87 | 58 | 70 |  |  |  |  |
| **Both** | 56 | 26 | 27 |  |  |  |  |

|  |  |
| --- | --- |
| Table 5: Fees for non-EU undergraduate and postgraduate students by |  |
| university category, 2018/19 (£) |  |  |  |  |
| University  | England | Scotland | Wales |
| category | UG | PG | UG | PG | UG | PG |
| Ancient | 23270 | 24250 | 17740 | 17440 |  |   |
| Redbrick | 16500 | 16790 |   |   | 14550 | 15080 |
| Plate Glass | 14660 | 15590 | 14210 | 14820 | 13050 | 13430 |
| Ex-polytechnic | 10620 | 126650 | 11960 | 12270 | 11680 | 12830 |
| Notes: Fee levels shown are for lowest for full time taught courses (Band 1) |
| Source: Complete University Guide, Redin Fee Survey |  |  |

|  |  |
| --- | --- |
| Table 6: Average fees charged by UK collaborative  |  |
| overseas partners, 2018 (£) |  |  |  |
|   | Undergraduate | Postgraduate |  |  |
| Hong Kong | 6027 (4) | 6627 (1) |  |  |
| Malaysia | 4267 (5) | 4690 (1) |  |  |
| Singapore | 10830(1) | 11434 (6) |  |  |
| Botswana | 3285 (1) |   |  |  |
| China | 5400 (1) |   |  |  |
| Egypt | 1848 (1) |   |  |  |
| Kenya | 2888 (1) |   |  |  |
| Malawi |  | 5884 (2) |  |  |
| Malta | 10670 (1) |   |  |  |
| Oman | 4836 (3) |   |  |  |
| Sri Lanka | 1145 (2) |   |  |  |
| Trinidad | 1711 (2) |   |  |  |
| Vietnam | 5133 (1) |   |  |  |
| Zambia | 1604 (1) |   |  |  |
| Zimbabwe |   | 4628 (1) |  |  |
| Notes: Figures in ( ) are number of overseas partners |  |
| Source: Overseas partner websites |  |  |

|  |
| --- |
| **Table 7: Onshore enrolments from country with highest offshore overseas student enrolments, 2015/16** |
| **University** | **Top offshore country** | **Offshore 2016** |  **Onshore 2016** | **Onshore % offshore** |  |
| Anglia Ruskin  | Trinidad& Tobago | 2047 | 1 | 0 |  |
| Bedfordshire | Oman | 3374 | 1 | 0 |  |
| East London | Greece | 2902 | 50 | 1.7 |  |
| Greenwich | Egypt | 7923 | 55 | 0.7 |  |
| Hertfordshire | Malaysia | 3956 | 273 | 6.9 |  |
| Lancaster | Malaysia | 3881 | 174 | 4.5 |  |
| Liverpool | China | 7644 | 4441 | 58.1 |  |
| Middlesex | UAE | 2995 | 73 | 2.4 |  |
| Nottingham | China | 6178 | 1549 | 25.1 |  |
| Nottingham Trent  | India | 3068 | 395 | 12.9 |  |
| Staffordshire  | Malaysia | 9980 | 18 | 0.2 |  |
| Sunderland | Malaysia | 2768 | 215 | 7.8 |  |
| West of England | Malaysia | 3457 | 518 | 15 |  |
| Westminster | Uzbekistan | 2515 | 6 | 0.2 |  |
| Cardiff Metropolitan  | Oman | 4005 | 13 | 0.3 |  |
| Abertay Dundee | Malaysia | 1888 | 2 | 0.1 |  |
| Edinburgh Napier  | Hong Kong | 3243 | 24 | 0.7 |  |
| Glasgow Caledonian  | Oman | 3251 | 26 | 0.8 |  |
| Heriot-Watt  | UAE | 3969 | 84 | 2.1 |  |

1. HESA charges for this data and so it was only possible to purchase three years of onshore overseas student data. [↑](#footnote-ref-1)
2. The ancient universities (Cambridge, Durham, Oxford, St. Andrews) date from prior to the industrial revolution. The redbrick universities (most notably Birmingham, Bristol, Leeds, London, Manchester, Nottingham, Sheffield) were mainly established in the major industrial cities during the mid-late nineteenth century. Plate-glass universities (such as Essex, Exeter, Lancaster, Sussex, York, Warwick) were established mainly in the early-mid 1960s in response to the Labour Government’s strategy to expand rapidly higher education. Most polytechnics and teacher training colleges were up-graded to university status in 1992. , [↑](#footnote-ref-2)
3. The coefficient of determination (R-squared) value for this relationship was 0.0012. [↑](#footnote-ref-3)
4. Average costs for undergraduate students are reported to be in the region of £6,000 at most universities. [↑](#footnote-ref-4)
5. Most also want to become higher education ‘regional hubs’ with the capacity to attract large numbers of overseas students in direct with the traditional recipient countries in Europe and North America. [↑](#footnote-ref-5)
6. Central Lancashire (601), De Montford (502), Greenwich (521), Heriot Watt 714), Hull (714), Plymouth (699), and Strathclyde (587). [↑](#footnote-ref-6)
7. There were 1,054 articulation students from China in 2011/12 and 2,770 in 2014/15. [↑](#footnote-ref-7)