

CHANGE IN AUSTRALIAN HIGHER EDUCATION



elementa leadership
HE knowledge portal

GLOBAL THINKING

SEPTEMBER 2015



elementa
leadership



CHANGE IN AUSTRALIAN HIGHER EDUCATION

BY ROBIN SHARPE, RESEARCHER, ELEMENTA LEADERSHIP

This paper puts forward reflections on the changing Australian Higher Education system based on a study visit in 2015 to four of Australia's leading 'Group of 8' universities. The study visit was organised by Elementa Leadership and a group of HE leaders from the UK took part.

These reflections take a global lens and focus broadly at a policy level. They intend to provide a snapshot of the current higher education landscape in Australia; highlighting areas of change, strategic focus, perceived successes and the ongoing challenges faced by the Australian universities and the Australian higher education system as a whole. The paper is not based on the strengths and weaknesses of each institution visited; rather it is an observation of the meta-themes which emerged from the conversations with HE leaders and desk-based research. As such, this paper reflects a wider prevailing discourse in Australian higher education.

The reflections are grouped into four areas of change:

- Trends in student mobility are changing...
- Internationalisation strategies are focusing on new (and old) frontiers...
- The era of abundance is coming to an end...
- Deregulation, marketisation and domestic competition is the future...

TRENDS IN STUDENT MOBILITY ARE CHANGING...

Australia has experienced a steady decline in international student numbers since 2009, broadly mirroring trends seen in the UK and the US which has also seen their market share for foreign students fall. In spite of this, Australia still has the highest concentration of international students with approximately 20% of the country's higher education enrolments coming from overseas. This compared to the global average of approximately 7%. QS Top Universities research published in 2014, in a report entitled *Trends in International Student Mobility*, suggested that increased global competition for students coupled with the regionalisation of the higher education sector has significantly impacted the market share of the 'big four' international recruiters (the US, UK, Australia and Canada). Regionalisation, in the context of student mobility, effectively suggests that a greater number of prospective international students are increasingly more likely to enrol at a university 'in their region'. These trends in student mobility appear to have been most strongly influenced by both the improvement in quality and the increased provision of higher education in emerging economies, most notably in the Middle East, East Asia, South America and Africa. In this



regard, it could be said that the 'global market' for international students is potentially contracting, becoming more competitive and perhaps better understood on a regional basis.

The regionalisation of the higher education student market presents some interesting challenges for Australian universities, particularly in the context of Asia. Australian institutions have historically had particular success in recruiting students from China, Singapore and Malaysia. This still remains the case. However, as more Asian students choose to stay at home or enrol at a university within the Asian continent, less are choosing Australia as their chosen destination for a university degree. In this context, a number of Australian universities appear to have changed their approach and strategy to international recruitment – engaging in an 'arms race' for Asian students is no longer a winning strategy for Australia universities. The increasing massification of a number of higher education systems across Asia, and the genuine pursuit of building world-class universities, whether that be in China, Vietnam, Singapore or Malaysia, has required Australia to develop more nuanced strategies to international recruitment. Furthermore, as the direct inflow of students from Asia slows, there appears a clear sense that Australia has had to reconceptualise and redefine its relationship with Asian higher education more broadly.

The geographical proximity and geopolitical links to a number of Asian states and the quality and reputation of many of its higher education institutions will continue to stand Australian universities in good stead. But the message is that it cannot become complacent. Whilst it would appear that some universities are ahead of others when confronting and responding to the reality of changing trends in international student recruitment, and the reliance on overseas students to 'balance the books', on the whole the Australian higher education system would appear to be 'ahead of the curve' when it comes to proactively adapting to a shifting international higher education landscape. In particular, many Australian universities appear to have a strong understanding of the largest higher education market in Asia, China.

Australian universities have identified that outbound student mobility from China will slow as Chinese institutions become net recruiters in the Asian market. There was a view in Australia that by 2035 the net export of Chinese students will cease. The Chinese market for students is seen as finite in Australia. Some of the 'Group of 8' universities suggested the importance of viewing China as 'multiple markets', rather than being conceptualised as one single market. This thinking appears to have been central to the success in forging links with Chinese higher education. There was a suggestion that the more nuanced understanding of China, and other Asian markets has helped Australia outmuscle both the US and the UK in research collaborations with institutions in China, as well as Taiwan and Singapore. Data from a number of Australian universities also suggested the student demand for particular courses in China differed from region to region. This appeared to help Australian universities to better select territories to focus on based on their degree of fit and programme provision and then tailor marketing campaigns accordingly. In addition, some Australian institutions are now pursuing transnational education strategies to target Chinese students, particularly



from rural areas, through online learning programmes; this as part of a seemingly wider exploration around the expansion of MOOCs. Australia already has experience and success in the provision of MOOCs to students living in rural and remote locations at a domestic level and are therefore well placed to lead in the delivery and provision of similar online programmes to China and beyond.

INTERNATIONALISATION STRATEGIES ARE FOCUSING ON NEW (AND OLD) FRONTIERS...

Australian 'Group of 8' universities are forthcoming in presenting internationalisation strategies which appear intent on enabling relationships with new territories and tighter and more strategically aligned international networks and collaborations. It is the quality of international links and collaborations, which in discourse at least, is being promoted as a central tenet of future internationalisation strategies. This would certainly appear to reflect shifts in higher education policy across the world. Indeed, there appears growing scepticism regarding the value of non-strategically aligned approaches to internationalisation policy. A number of Australian 'Group of 8' institutions appear to have undertaken a process of reflection about what it means to be a 'small global university' and as such display a more confident understanding of their position within an increasingly global higher education landscape. This provides a strong strategic platform for internationalisation policy development and implementation.

Figures compiled by Universities Australia, in a report entitled *International Links of Australian Universities*, highlighted that Australian higher education is progressively diversifying its international links and collaborations. Diversity is important here. Traditionally, Australian higher education has focused on a large number of collaborations and partnerships from North-West Europe (particularly the UK and Germany), the USA and in the last 20 years or so, China. These strong bonds and relationships are still evidenced through recent initiatives and partnerships at various levels including the Monash-Warwick alliance (branded as a response to 21st century challenges that are global in scale and require international cooperation and thinking to address), the Go8-Germany Joint Research Cooperation Scheme, the University of Adelaide's growing partnership with one of China's oldest and most prestigious institutions, Shanghai Jiao Tong (focused strongly on agriculture and health collaborations) and the Australia-China Young Researchers Exchange Program.

One example of Australia's increasingly focused internationalisation policy in action is the Australia-India Strategic Research Fund (AISRF). Australia, like many other countries, has identified India as a higher education system in which there is considerable scope for collaboration and partnership. India is becoming increasingly viewed as a globally networked and economically open country with an increasingly aspirational population. The AISRF fund, originally established in 2004, has recently been renewed, providing \$20 million dollars over the next four years to support scientific collaboration and research. Perhaps most significantly, the fund now represents one of India's largest sources of support for



international science. It is particularly noteworthy that in the past 12 years, the percentage increase in collaborations between Indian and Australian higher education institutions, according to Universities Australia data, has risen by 452% and in the last two years almost 100 new partnerships have been created.

Another country with which Australian higher education is continuing to build relationships is Indonesia. Whilst there is a developing global curiosity about opportunities for international collaboration with Indonesian higher education (and some apprehension with regard to the current political landscape), the geopolitical and cultural links between Australia and Indonesia places the Australian higher education system in a strong position to develop high value relationships with Indonesia, in higher education and beyond. There is a strong sense that Indonesia is part of a group of emergent countries which will become important 'markets' to understand. The figures alone, often referenced by Australian institutions, suggest that Indonesia's middle class will be close to 150 million people by 2020, which places into context the rapidly rising demand for higher education and the potential scope for transnational collaborations and the provision of MOOCs. It is estimated that there are currently 36,000 Indonesians students studying abroad. Whilst this figure represents a small proportion of 4 million domestic students, it should be noted that students looking to study abroad in any notable scale is a relatively new trend in Indonesia. Projections from some Australian universities suggested a potential 20% year on year increase in Indonesians studying abroad. Significantly, the biggest benefactor of these projected trends in international student mobility is set to be Australia. Already in 2012, 17,000 Indonesian enrolled at Australian universities.

A number of Australian institutions have also begun to have conversations about attracting a greater number of international students from countries beyond Asia. Whilst a tuition fee threshold of approximately £30,000 per year is comfortably serviced by overseas students (and may be increased) from China, Singapore and Malaysia, it is largely unaffordable for students from emerging markets in South America and Africa, markets Australia has identified as strategically important. Some 'Group of 8' universities are now considering a differentiated international fees model in order to attract students from these new markets. There is a sense that a more 'progressive' subsidy model will help Australian institutions to establish 'early entry' into and better connections with emerging higher education systems. Other 'Group of 8' institutions have identified Latin America and particularly Brazil, as a strategically important market for future international collaborations. Brazil's commitment and investment in research (Brazil produces 2.7% of the world's research – the 13th highest globally) and capital in sciences, natural resources, microbiology and pharmacology makes it a particularly attractive proposition for Australian institutions. In particular, some Australian universities reference significant overlap and potential for knowledge exchange and partnerships in the fields of natural resources and health.



There also appears to have been a concerted focus in Australia on transnational education. Figures published in 2014 from *Department for Education* suggested that over 100,000 students were enrolled at Australian branch campuses or studying through an online or distance learning programme operated and accredited by an Australian university. The leading 'transnational' partners of Australian universities in terms of student numbers are the Asian states of Singapore, China, Malaysia, Vietnam and Hong Kong.

It could be said that branch campuses have led Australian 'transnational policy'. Australian campuses abroad include Monash University Sunway (Malaysia), Southeast University-Monash University Joint Graduate School (China), Central Queensland University (Fiji) and Royal Melbourne Institute of Technology (Vietnam). There is however, a sense that the branch campus strategy has yielded mixed results. Monash University Malaysia, the first branch campus in Malaysia, has been widely regarded as a success since it was established seven years ago, being the first non-domestic institution to be rated 'excellent' by the Malaysian authorities in their domestic university rankings. At present there are over 7,000 students on campus. Much of the success and sustainability of Monash University Sunway has been attributed to the look and feel of the Malaysia campus being as a 'standalone university' and as such an institution which is integrated and accepted as part of Malaysian society. However, a number of Australian (and indeed other nation state) branch campuses have also closed over the past ten years for a number of reasons including a lack of financial sustainability, the non-alignment to new 'more streamlined and focused' international strategy, local legislation and governance and the growing reputation and quality of host nation institutions. There also appears a growing sense that emerging higher education systems are now seeking 'equitable' relationships and partnerships with other global universities, rather than a more 'colonial relationship' which can be partially engendered through branch campuses.

Looking ahead, it would appear that the direction of Australian transnational education policy will manifest through the provision of MOOCs and joint-degree programmes with an increasing focus on new frontiers rather than expanding the number of campuses abroad.

THE ERA OF ABUNDANCE IS COMING TO AN END...

Australian higher education, like many of the leading higher education systems around the globe, has, until recently operated in a relatively strong and stable financial environment. However, this so-called 'era of abundance', built on the on the back of mineral extraction and expanding global markets, is seen to have caused some degree of complacency in Australia at both political and societal levels regarding the resourcing, maintenance and in some cases *raison d'être* of Australian higher education. At present there is some feeling that the national policy direction in Australia continues to be focused on 'digging economies' to the expense of fostering 'innovation eco-systems' and further development of Australia's knowledge economy.



The sustainability and quality of research across Australian universities is a particular area of concern across the higher education sector at present. The current Australian Government's attitude to research was described as 'depressing' by some Australian universities. There is a sense that the national government has failed to proactively address the growing pressures on research funding in a changing economic climate and instead is pursuing a 'business as usual' approach in which the state is effectively expecting the same levels of research output and impact in spite of a squeeze on finances and the increasing global competition for research contracts. As it currently stands, research in Australia is not funded on a full economically costed basis and instead the current system relies on undergraduate tuition fee income to cross-subsidise research in Australian universities. In an era of high levels of student enrolments and a smaller 'research marketplace' this funding model was seen to be sufficient to sustain Australia's research output. However, the changing research environment has put into question this heavy reliance on undergraduate students.

In the past year, the headline of the higher education reform package presented by the Australian federal government is the plan for a 20% cut in public university funding, potentially 'offset' by allowing universities to lift the current cap on undergraduate tuition fees. The potential move towards a deregulation in order to better fund and resource the higher education sector has generated an impassioned debate around the future funding model of the Australian higher education. Whilst there does appear strong agreement around the need for a new funding model and formula for Australian universities, coming to a consensus as to what this model and approach might look like has, to date, been far more difficult. The advocates of deregulation suggest that lifting the current fees cap will allow Australian universities to significantly increase their income, in doing so, allowing them to compete more effectively with universities worldwide, increase research quality and impact and improve student experience. Others have suggested that sustaining Australia's research agenda by continuing to rely on students through higher tuition fees places is an overly simplistic and unsustainable fix to the future research strategy of the Australian higher education system. As it stands, this potential policy shift has garnered very little consensus, with the Australian Senate twice blocking the proposed deregulation of student fees in early 2014.

There appears a growing concern across the Australian higher education sector that the impasse between federal government and the Senate in agreeing a new funding structure, in addition to the myriad of differing views across the higher education sector as to the future direction of Australian higher education, is making it increasingly difficult for institutions to plan ahead whilst this uncertainty remains. Some universities spoke of the sense of inevitability that it will be a matter of time before the fees cap is raised, and an approach more similar to the UK is adopted. Perhaps most notably, there is a growing sense that the vitality of Australian higher education and indeed the viability of a number of Australian



universities cannot continue to be sustained simply through the reliance on domestic student numbers and international student fees.

DEREGULATION, MARKETISATION AND DOMESTIC COMPETITION IS THE FUTURE...

There is no significant competition for domestic students in Australian higher education, with market-driven recruitment and marketing strategies focusing far more strongly on international students. Australian 'Group of 8' universities traditionally would be as likely to define 'competitors' as institutions from the US, UK as they would similar ranked institutions in Australia. The majority of Australian students attend a university close to home. This in part due to the size of the country the strong affinity with the territory in which people reside. Much of the domestic competition for students is at a localised level where university rankings appear to hold limited sway for many prospective students. Interestingly, it was reported that some of the 'Group of 8' universities are actually losing market share to lower ranked universities which are seen to be doing a better job in their marketing campaigns, using slogans such as 'welcome to the university of the real world', which is seen to be more tangible and accessible than some of the discourse said to be emanating from leading research intensive universities.

Whilst domestic competition for Australian students lags behind the highly competitive student recruitment experienced in the UK, there is a sense of a gradual shift, particularly since the ceiling on student numbers was lifted and as more and more institutions from around the world target Australian students. The introduction of a 'demand-led system' has led to more Australian universities pushing resources into domestic marketing campaigns to make sure sufficient numbers of students are enrolled on courses to sustain university income. There is a sense from some universities that the demand-driven system has made universities more responsive and adaptive to the needs of students and their changing expectations, thus improving the student experience.

Indeed, innovation around the student experience was evident during the study visit. There was a strong sense that students in Australia were perceived to be much more than 'consumers', perhaps a legacy of limited domestic competition for students. In the universities visited students appeared to have 'voice' and their views were listened to and incorporated into decision making and policy. At a broad level there seem to be a strong sense of fostering learning communities both inside and outside of the classroom. One particularly innovative example of the student experience in action was the University of Adelaide 'Hub Central'. 'Hub Central' is based on a 'one shop stop' model in which work, leisure and social facilities together with administrative and student services are connected up around the student. Student admissions, printing, cooking facilities and open mathematics classes are just some of the student centred services offered in the hub. The hub concept is fundamentally underpinned by the notion of student ownership of the space. Further notable features of 'Hub Central' were the centrality of students in the design and functioning of the space as dynamic environment, to the extent that all furniture was



selected by students. 'Hub Central' was also seen to allow particular schemes or approaches focused on improving the student experience to be piloted, learnt from and adapted and then made mainstream if there was positive student feedback. This allows the University of Adelaide to push boundaries on thinking around the notion of the student experience.

However, some of the perceived benefits of increased deregulation and the supposed improvement in student experience and institutional excellence have been met with some scepticism and concern. Whilst the by-product of lifting the cap on student numbers was said to be improved teaching quality fuelled by increased competition, there still appears no strong evidence to support this suggestion. There was also a view that some institutions were accepting students with particularly low entry-level attainment on sub-standard courses; in effect profiteering from the increased 'pool' of students that a deregulated market allows.

In spite of some stasis being experienced in the Australian Senate with regards to the future policy direction of higher education, there appeared to be widespread consensus amongst the higher education leaders met during the study visit that Australian higher education will continue to pursue a right-leaning political agenda of market expansion and increased deregulation. There now appears to be discussions in Australia about the legislation of uncapped student numbers applying to private higher education providers as well as public universities. In addition, there is a growing movement in Australia toward the uncapping of tuition fees and have in effect a 'fully' deregulated market in terms of both student numbers and student tuition fees. Some of the 'Group of 8' universities visited appeared to be broadly supportive of the uncapping of tuition fees, particularly with cuts to state funding and the need to continue to compete globally with the world's leading universities.

The question for Australia higher education at present appears to centre on whether further deregulation of the higher education system will provide the conditions for all (not just a few) Australian universities to pursue genuine 'world class' excellence or whether increased domestic competition and deregulation will breed increased introspection, the pursuit of profit over excellence (particularly by 'squeezed middle' universities) and therefore hinder the distinctiveness, quality and diversity of Australian higher education.



ABOUT ELEMENTA LEADERSHIP

Elementa Leadership is a specialist leadership and organisation development consultancy with cross-sectoral international experience, focused on UK higher education. We are currently working at strategic level with universities that cover the all HE mission groups. We are committed to the future of UK higher education as central to the development of both a better society and a better economy.

www.elementaleadership.co.uk

ABOUT THE AUTHOR

ROBIN SHARPE

Robin holds an MSc in Public Policy (with Distinction) from the University of Bristol. He has been engaged in a range of research and writing roles as a part of Elementa Leadership's various higher education client projects and takes a lead in co-ordinating management research commissioned by Elementa Leadership clients.

Through his role, Robin has applied skills in research and policy analysis to contribute to Elementa Leadership's understanding of the international higher education policy landscape. He has participated in study visits to Australia and the Netherlands and is responsible for Elementa Leadership's HE Knowledge Portal, established to provide information and resources for the higher education sector.

He has researched and written two higher education policy digests: *'Higher Education in the BRIC Countries'* and *'Higher Education in South-East Asia'* and has also produced a literature review entitled *'What is a World Class University?'*